

EUROPEAN NEWS

Worry over safety holds up Polish N-plant

By Christopher Bobinski in Warsaw

CONCERN OVER safety heightened by the Chernobyl nuclear disaster is leading to significant construction delays at Poland's first nuclear power plant at Zarnowice on the Baltic coast.

A local newspaper, the Glos Wyrzeza, has reported that doubts about the quality of domestically produced construction materials are holding up work on the 1600 MW plant which is due to come on stream between December 1990 and 1994.

Work on the foundations of the reactor, which is only 10 per cent complete, has been halted since the end of July after findings by the Construction Technology Institute (ITI) that the alkali content of cement being delivered by the Malagoszcz works was too high.

Malagoszcz says that this is because of the raw materials it is using and implementation of the ITI recommendations without recourse to imports could put the project back by two to three years, the newspaper says. No decision has yet been taken on whether to buy the material abroad.

The newspaper foresees similar quality problems with steel, power cables and even paint for the site and argues that the whole project should be taken away from the Energy Ministry and placed under direct government supervision.

The delay arising from concern about quality has come on top of the normal problems which bedevil most capital investment projects in the country such as irregular and delayed deliveries of materials. Opinion on site is that the plant is unlikely to be completed on time, the newspaper reports.

The Polish authorities have put up the price paid by industry for coal by 10 per cent in a bid to conserve the fuel. Coal plays a dominant role in energy production and export earnings.

The rise follows an increase of 20 per cent at the beginning of the year but still leaves the central budget subsidising a fifth of the average output cost of 5,000 zlotys (£17) a tonne.

Hilary Barnes in Copenhagen reports on a change with worrying implications for Nato Danish opposition backs controversial defence policy



Mr Anker Joergensen (above left) promises budget co-operation, but Fieb's (above right) may still be disarmed.

DANISH politicians, who have often given Nato cause for concern about the size of Denmark's defence budget, and sometimes about the apparent drift of the country's defence policies, have again succeeded in raising worried eyebrows among their allies.

The cause of the trouble is the conversion of the opposition Social Democratic Party to the doctrine of non-offensive defence, defined in a paper released by the party last month as fighting "in and from Danish territory." The policy contrary to present forward-defence strategies.

The party document says defence should have a non-offensive structure in order to demonstrate peaceful and non-aggressive intentions and contribute to "bilateral" detente.

The Social Democrats are the largest party in the nine-party Folketing (parliament) and exercise a crucial influence over defence and foreign policy issues. They can often obtain the support of centre and left-wing parties to form a majority against the non-socialist minority administration.

The test of the party's commitment to its non-offensive defence doctrine, which has been inspired by similar discussions within the West German Social Democratic Party, will come next year. The present three-year defence budget compromise between the Social Democrats and the four parties represented in the present government is then due for renegotiation.

Nato is sceptical of the non-offensive defence idea for a number of reasons, among them the logical objection that if other Nato members were to think in the same terms of limited territorial defence, then Nato would cease to exist. The Danish Social Democrats assume however that other countries will not copy their new territorial defence doctrine.

The plan relies on reinforcement by other Nato members, although with the caveat that "our reinforcement agreements (with other Nato countries) must not be of a threatening nature." Among the practical consequences of the doctrine, if it were to be adopted as official policy, are:

• The withdrawal of one of the three Danish brigades from the joint Danish-German command for the defence of Schleswig-Holstein, although the Social Democrats assume that the joint command would remain under the command of a Danish general.

• The air force's F16 aircraft would no longer be armed with bombs, which could be used to attack airfields in enemy territory and are therefore deemed "offensive."

• Naval combat capability would be phased out and the navy would be converted to

purely surveillance duties. Seaward defence would be carried out by mobile, land-based missile batteries.

The Social Democratic paper also includes proposals which in themselves will be welcome to Nato, not least a commitment to strengthen the defence of reception areas for incoming reinforcements, which is one of the most serious gaps in the country's defence preparedness today.

But at the same time it seems to imply that an aggressor will be allowed to come very close to Danish territory, or even to gain a foothold on it, before the Danish forces go into

action. This would be highly unwelcome to the forces from the UK and other countries which are earmarked to come to Denmark's aid.

Mr Hans Engel, the Defence Minister, who is strongly opposed to the new ideas, cannot see any advantage for Denmark in the plan. "The Social Democrats fail to explain why they prefer fighting on Danish territory, among the civilian population, rather than to keep the fighting as far away as possible," he says.

Denmark's defence capability is already regarded as so inadequate by some Nato countries that it has provoked serious diplomatic warnings to the Danes. They have been told that Danish territory and air space is so vital to the defence of other Nato areas, notably southern Norway and the UK, that if Denmark cannot ensure an adequate defence effort of its own, its allies may conclude that the alternative to defending Denmark against an aggressor is to deny Denmark to the enemy without actually defending it. Laying waste to the territory is one apparent possibility.

The non-offensive defence doctrine would not exactly strengthen Nato confidence in Danish defence. "If carried out it would make Denmark's much criticised position in Nato even more difficult," according to Mr Engel.

Both Nato members and Denmark's non-socialist parties have been taking comfort from the pledge made by Mr Anker Joergensen, the Social Demo-

crats' leader, that the party will stick to its post-war commitment to working out a defence budget for the country in conjunction with the non-socialist parties, rather than with the left-centre foreign policy majority.

But there are some serious potential complications in the way of Mr Joergensen's scenario. Many of the party's most senior members are looking to the formation of a Social Democratic-Socialist People's Party coalition after the next general election, which must take place before the end of next year.

Such an administration would undoubtedly have great difficulty in making a defence budget together with the non-socialist parties.

The party is also engaged in an unresolved debate over its attitude to Nato's strategy of nuclear deterrence. Denmark has renounced the deployment of nuclear weapons on its territory in time of peace. The Social Democrats want to extend the renunciation to cover a war situation as well, preferably through the vehicle of a Nordic nuclear-free zone, implemented with the understanding of both Nato and the Soviet Union.

As the existence of the nuclear umbrella is one of the conditions under which Denmark's allies are prepared to come to Denmark's assistance, the outcome of this debate, should the Social Democrats return to office, will also have a crucial influence on Denmark's future relationship with Nato.

EEC to probe timeshare protection

By Tom Suran in Madrid

THE European Commission is to examine allegations of widespread fraud in the booming timeshare holiday villa and apartment property market, a British Euro-MP said yesterday. Mr Edward McMillan-Scott said EEC experts would meet next month in Brussels and that a proposal to recommend a seven-day "cooling-off" period on timeshare transactions in order to protect purchasers would be among the suggestions reviewed.

The timeshare industry has grown fast in Spain, as well as in Portugal and in Greece, and Mr McMillan-Scott said he had received numerous complaints of fraud. The concern over phoney sales had already prompted six large British companies (Wimpey, Barratt, Kenning Atlantic, McInerney Properties, European Ferries and Aspect Leisure Landable) to form a timeshare property developers watchdog committee to combat fraud.

Mr McMillan-Scott earlier this year led a campaign to protect freehold purchasers of holiday and retirement homes. He centred his investigations in Spain where there are some 50,000 non-Spanish property purchasers a year, half of them British. One in 10 of the transactions are alleged to be fraudulent.

The bulk of the fraudulent companies are not Spanish. The most common fraud involves worthless property deeds.

E. Germany to let private cars operate as taxis

By Leslie Collett in Berlin

EAST GERMANY is to allow private car owners to use their vehicles as taxis in order to combat a severe taxi shortage, and to squish a thriving black market in private taxi services.

The private taxis are to charge the same fares as state ones and will operate "on behalf" of the state taxi company according to the East German Legal Gazette.

East Germany in recent years has begun to allow a revival of private enterprise in the retail trade and services sector. Private shops were never wholly eliminated as in most other East European countries, and the Government is now subsidising

new private butchers, bakers and repair shops with a two-year tax holiday and low interest loans for equipment and machinery. The Government last year licensed 15,000 private tradesmen.

Hungary recently released figures showing that the share of private ownership in production rose from 1.7 per cent to 3 per cent in the last five years. The private sector share was 1.5 per cent in industry and agriculture.

The number of self-employed craftsmen in Hungary increased 41 per cent to 62,000 while self-employed shopkeepers more than doubled to 25,500.

Lake Lugano radioactivity

By Alan Friedman in Rome

SENIOR OFFICIALS from the government of Italy's Lombardy region fly to Rome today for urgent meetings which follow reports from Switzerland that dangerous levels of radioactive cesium 137 have been found in Lake Lugano.

Although most of Lake Lugano lies within the Swiss border, part of the lake runs into the Lombardy region as well. The Swiss Government on Wednesday banned fishing and issued health warnings after finding unusually high levels of radioactivity in Lake Lugano.

Spain may revise inflation target

By David White in Madrid

THE SPANISH Government may have to revise its 4 per cent inflation target for next year in order to gain union backing for an inflation-linked wage moderation package.

Union pressure to adopt a higher guideline figure came to the fore as the Government completed a preliminary round of talks with industry and labour leaders.

Mr Carlos Solchaga, the economy minister, held a meeting yesterday with Mr Marcelino Camacho, the Communist leader of the Workers' Commissions. This union stayed out of the last two-year labour pact, leaving the Socialist-led UGT as the only union signatory.

The tripartite agreement, which set wage objectives in exchange for public investment pledges and other employment-boosting measures, expires in December.

Negotiations on a new agreement seem likely to be held up because of the rivalry between the two big labour federations, pitched into battle in elections at the end of the year for 300,000 union delegates in Spanish companies. Four years ago, the UGT scored a narrow advantage over the Workers' Commissions for the first time.

On Wednesday the Government—including its new Labour Minister, Mr Manuel Chaves, previously a senior UGT figure—discussed its economic plans

in separate meetings with the UGT and the CEOE employers' organisation. Exploratory contacts with both these bodies during the summer appeared to point to the basis of an agreement, with wage increases for 1986 set at around 5 per cent—slightly above inflation—in exchange for a cut in employers' social security contributions.

However, the UGT now says the inflation target is unrealistic. The Government originally aimed to hold inflation at 5 per cent this year and to bring it in 1986, but the rate is now running at over 8 per cent.

The CEOE, on the other hand, regards 4 per cent as a maximum for Spanish competitiveness

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Accountancy Appointments will continue to appear every Thursday as usual.

The reorganisation of the Appointments Pages will enable the Financial Times to offer a substantially improved service to recruitment advertisers and their audience.

Copy deadlines for the Appointments pages are 3 p.m. on the Friday of the week preceding publication for Wednesday and remain unchanged for publication on Thursday.

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EUROPEAN NEWS

Refugee flood may mean Basic Law change. Peter Bruce reports Asylum issue raises hackles in Bonn

FIERCE fighting has broken out within the West German Government—much to the embarrassment of Chancellor Helmut Kohl—over whether to tinker with the constitution in order to make it more difficult for Third World refugees to gain asylum here.

The number of people seeking refuge in West Germany has risen alarmingly this year and only last week Mr Kohl made public a series of measures, including tighter visa controls and threats to fine airlines which transport refugees who did not have proper papers, designed to curb the influx. He made it clear then that he wanted a political debate about the refugees, which had boiled throughout the summer, to subside.

But hardly had the Chancellor stopped speaking when senior right-wing politicians in his Christian Democratic Union (CDU) party began to insist, loudly, that the party should make the asylum issue, and a change in German Basic Law, central to its platform as it approaches next January's general election.

THE CDU and its Bavarian sister party, the Christian Social Union (CSU), have now included a change in the constitution in the draft of their combined election programme. The announcement earlier this week by the Interior Ministry that the number of asylum seekers reached a record 14,812 in August, 50 per cent more than in July, has only served to harden the CDU right. The CSU, led by the bellicose Mr



Mr Kohl (left) and Mr Strauss: two-thirds majority needed.

Franz Josef Strauss, has been insisting for months that the Basic Law (drawn up in 1949 and, in effect, the constitution) be tightened up.

All a refugee has to do now to receive sympathetic treatment in West Germany is to demand asylum from a Government official. Originally, this was meant to make it easy for East Germans to defect. But the prospect of more than 100,000 Pakistanis, Ghanansians, Iranians and Lebanese arriving to stay in the country this year has angered many communities where they are being billeted. It has also come as manna from heaven to conservative politicians.

Mr Kohl, whose reluctance to change the Basic Law is supported by important CDU leaders like Mr Eberhard Diepgen, the mayor of West Berlin, faces four immediate difficulties:

First, meddling with the Basic Law would be a major undertaking that would require a two-thirds majority in the Bundestag. He does not have such a majority and fighting for one could make him look silly. Second, the change lays Germany open to charges of racism, about which Bonn is understandably sensitive. Third, the powerful Evangelical churches are opposed. Fourth, his other coalition partners, the Free Democrats (FDP), are vehemently opposed to a change in Basic Law, and they, for the present, have the Justice portfolio in the Cabinet.

He is also aware, though, that his right wingers and the CSU are making a serious point about the politics of the upcoming election. Despite his Government's success with the economy during the last three and a half years it is not enough to guarantee it success

at the polls in January. Refugees and enthusiastically painted horror pictures of blacks swarming over neat German villages, are almost certain to win votes for the party that promises to stop it. The opposition SPD, whose economic programmes would almost certainly mean a return to inflation, already has a serious vote-winner of its own—a hugely popular promise to wean the country off nuclear energy in 10 years.

Although it is a convention in Bonn now to predict victory for Mr Kohl, it would be far too dangerous for him to go into the election with his own party at odds and, much more publically, with his two coalition partners, the FDP and the CSU, at each other's throats.

The CDU executive meets today to discuss the draft election programme, which then goes to a full convention in Mainz in October. So strong is feeling within the CDU now that it is thought unlikely the Chancellor will even try to remove the motion calling for a change in the Basic Law.

More likely, said one CDU politician yesterday, the motion would be allowed but that it would be left to the CSU, which is campaigning only in Bavaria, to push it during electioneering. That would still leave the Government open to charges that the FDP opposes important Government policy proposals but Mr Kohl's reckoning is probably that the entire issue will whither away when it has served its immediate political purpose.

Black Sea toll rises

SOVIET authorities have arrested the captain of a passenger liner and a cargo ship which collided in the Black Sea on Sunday night, the Government newspaper Izvestia said yesterday. Reuter reports from Moscow.

The arrests came as a senior Communist Party official announced that the confirmed death toll in the collision had risen to 110. It had previously stood at 79, while 282 people are still missing.

The eventual death toll will almost certainly rise to 398, a merchant marine official said.

The 17,063 tonne liner Admiral Nakhimov was carrying 1,234 people on a Black Sea cruise when it was rammed by the bulk carrier Pyotr Vasev off the port of Novorossiysk, sinking soon afterwards.

Swedish Nex plans to change

BY SARAH WEBB IN STOCKHOLM

THE CONTROVERSIAL Nex energy chemicals complex (Nex) project which was meant to make Sweden self-sufficient in ammonia production as well as supplying half of Stockholm's annual heating consumption through a new heat recovery scheme, has been told to change its original plans in order to get permission to operate.

The Swedish franchising board will only give Nex the go-ahead if it introduces measures to generate electricity for the urban grid and cut sulphur emission to below 3mg per megajoule—well below the existing limits.

The stipulations reflect Sweden's concern over environmental issues and its quest for alternative sources of energy because nuclear power is to be phased out by the year 2010.

Under the original plan announced last August, four companies—AGA (the Swedish industrial gas group), A. Johnson (the private-owned Swedish trading and industrial group), Investeringssbanken (the state-owned Swedish investment bank), and Superfos (the Danish fertilisers, chemicals and construction materials group)—agreed to build the SKr 3.5bn (\$510m) chemicals complex just south of Stockholm.

The plant was scheduled to start operating in 1989 and produce about 450,000 tons of ammonia a year, with Superfos buying about 90 per cent of this for its fertilisers business.

Under the new plan, Nex will only produce about 250,000 tons of ammonia, mostly in the summer

months, and will switch to producing electricity in the winter months. The management says that Nex can generate about 40 per cent of the energy of one nuclear power unit.

The announcement to adapt Nex's plans coincides with news that Superfos has pulled out of the project, citing depressed ammonium prices as the main reason.

According to the original plan, Superfos would have assumed a 20 per cent ownership stake in the complex with an option on an additional 10 per cent. The remaining companies will now absorb Superfos's share in the project.

Superfos says that it rushed into the agreement in principle without fully considering the technical and economic factors involved.

OVERSEAS NEWS

Malaysian Chinese party's new leader

By Wong Su tong in Kuala Lumpur

MR LING LIONG SIK, 43, a medical doctor, has taken over the presidency of the faction-torn Malaysian Chinese Association, the largest Chinese political party in Malaysia, from Mr Tan Koon Swan who resigned after he was jailed by a Singapore court.

The MCA central committee which accepted his resignation has also promoted Mr Lee Kim Sai as the party's deputy president.

Mr Ling, Mr Lee and Mr Chan Siang San are MCA representatives in the 24-member Malaysian Cabinet.

Mr Tan, who had been MCA president for only nine months, was given a two-year jail sentence by the Singapore High Court last week for his part in stock market manipulation which led to the collapse of Pan Electric Industries, the Singapore salvage, property and hotel group, last December.

Observers say the new MCA leaders will find it tough going as they lead the demoralised and financially indebted (as a result of the recent general elections) MCA into the Malaysian coalition Government, now dominated by the United Malays National Organisation of Dr Mahathir Mohamed, Prime Minister.

Mr Ling could also face problems in confirming his leadership at the MCA party elections next year because he lacks grassroots support. This is aggravated by his English-oriented background, when the bulk of the party's membership is Mandarin-speaking.

Meanwhile, Miss Penny Chang, Mr Tan's wife, and Mr Loong Yoke Pin, a close business associate, have taken over the management of Grand United Holdings and Supreme Corporation, two publicly listed companies controlled by Mr Tan.

Mr Loong, who was one of the three businessmen who put up the S\$40m (\$20m) bail for Mr Tan during his recent trial, has been appointed GUH executive chairman, while Miss Chang was appointed Supreme's managing director. Trading in the two companies has been suspended since the Pan-Electric crisis.

US tries to remove bars to Israel-Egypt summit

BY TONY WALKER IN CAIRO

US OFFICIALS are engaged in frantic efforts to bridge differences between Egypt and Israel over a territorial dispute in the Sinai so that the leaders of the two countries can hold their proposed summit next week.

Mr Richard Murphy, the US special envoy to the Middle East, was yesterday in Alexandria for talks with Egyptian officials, including Mr Esnat Abdel Meguid, the Foreign Minister. He was also scheduled to meet President Hosni Mubarak.

Mr David Kimche, director-general of the Israeli Foreign Ministry, travelled yesterday to Alexandria from Cairo for talks with Mr Murphy to try to overcome barriers holding up final agreement to refer the dispute over Taba, the disputed area of land on the two countries' Sinai border, to international arbitration.

Mr Hosni Mubarak, Egypt's president, has repeatedly said there will be no summit unless there is complete agreement to forward the Taba dispute to international arbitration.

If the two sides fail to overcome their differences before time runs out for a meeting, the failure will mark a serious set-back for US diplomatic efforts in the region.

US officials have been playing a broker's role from the start in the Taba negotiations. US Middle East policy is firmly attached to securing better Egyptian-Israeli relations—virtually frozen since Israel's invasion of Lebanon in 1982.

If the summit does not take place by the second half of September, its chances of happening at all will be slim.

Mr Shimon Peres, Israel's Prime Minister and leader of the Labour Party, is due to hand

over the premiership to Mr Yitzhak Shamir of the rival Likud faction in mid-October under a 1984 rotation agreement which followed a deadlocked election. Labour and Likud are the main elements of Israel's so-called "National Unity" Government.

Our Foreign Staff adds: Mr Peres was yesterday invited to meet President Ronald Reagan in the White House on September 15, one month before the hand-over to Mr Shamir.

It is expected that attempts to convene an international peace conference, including Jordan and an as yet undetermined Palestinian delegation, will head the agenda.

The Washington meeting should give Mr Peres a much-needed boost before the transition to a summit between him and Mr Mubarak next week do not come to fruition.

Gadaffi rounds on summit delegates in Harare

BY VICTOR MALLET IN HARARE

COL. MUHAMMAD GADAFI, the Libyan leader, injected a note of farce into the Non-Aligned summit in Harare yesterday, accusing some of the movement's 101 members of being spies, puppets and traitors linked to Israel and the US.

Several delegates smiled and laughed, but Col. Gadafi's comments have, at least temporarily, undermined the movements' credibility and shifted attention from the crisis in southern Africa.

Flanked by four women bodyguards in battle fatigues, who periodically chanted "down, down US" and "Allah is great," Col. Gadafi harangued the assembled Third World heads of state and called the non-aligned group a "funny movement" and an "international farce."

Non-alignment was not possible, he said, in world divided between liberators and imperialists. Asked later if he would withdraw from the movement, he said: "Not yet."

"In this hall, there are puppets and there are spies," Col. Gadafi said, attacking Egypt, Zaire, Cameroon, and Ivory Coast by name. The Three African states immediately condemned Gadafi,

expressing profound indignation at his "senseless" speech. Egypt's delegation said Col. Gadafi's address was "nothing more than a comedy staged by a mentally-disturbed head of state who lives in a state of political backwardness and adolescence."

Mr Robert Mugabe, Prime Minister of Zimbabwe and the new leader of the Non-Aligned Movement, sat pensively during the speech before rebuking Col. Gadafi. "Not all of us agree that the movement is useless," he said to resounding applause, adding that he understood Libya's bitterness.

Col. Gadafi said he was opening all his country's military depots and camps to revolutionary groups throughout the world, and would establish a huge international army.

"I shall spread the troops of these forces all over the continents of the world so as to spread fire under the feet of America," he said.

In an often contradictory speech interspersed with whimsical smiles, Col. Gadafi called for the movement's abolition and said the statements of the thousands of delegates would be thrown in the dustbin and ignored by the two superpowers.

Moscow makes complaint over freighter

By Our Foreign Staff

THE Soviet Union has protested to Tehran over the boarding of 11,750-ton freighter Pyotr Yermolov, but the issue will soon be closed, according to a Foreign Ministry spokesman in Moscow.

"We lodged a formal protest because this was a violation of navigation laws but now the question is almost closed, Mr Gennady Gerasimov said yesterday. He said that engine failure had prevented the ship from proceeding to Kuwait.

Earlier in Tehran, a senior Iranian Navy official said that the vessel, which was stopped two days ago for cargo inspection, would be free to proceed. It was diverted to the port of Bandar Abbas.

Shipping executives in Bahrain were quoted by Associated Press as saying that the vessel was being unloaded on Wednesday.

Whatever the cargo, both countries appear anxious not to make an issue of the incident or jeopardise the recent improvement in their relations.

The vessel was suspected of carrying war-related goods for Iraq, according to the official Islamic Republic News Agency. It did not report that any were found.

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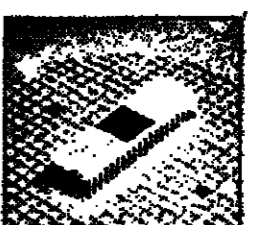
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SOUTH AFRICA

Emergency law sections quashed

BY ANTHONY ROBINSON IN JOHANNESBURG

THE BATTLE for press freedom in South Africa was taken a step further yesterday when a full bench of the Natal Supreme Court declared invalid sections of the emergency laws which empowered the Minister of Law and Order to seize or close any publication containing what he considered a subversive statement.

The court ruled that several of the clauses of the emergency regulations, particularly section 10 (b), which made it illegal for any news organisation to "possess any subversive statement" were "so far-reaching and horrendous" that parliament could never have intended or contemplated them.

The court particularly objected to section 7 (d) of the regulations because of the broad and vaguely defined powers vested in the commissioner of police. The section, now ruled invalid, empowered the commissioner or any person authorised by him to issue orders "relating to any other matter the regulating, control or prohibition of which in his opinion is necessary or expedient with a view to the safety of any member or members of the public or the maintenance of public order, or in order to terminate the state of emergency."

In its ruling the court maintained that the State President in effect vested the commissioner with the discretion to decide for himself what was necessary and expedient.

The judgment of the Natal Court could be subject to different interpretation by courts in another province. It was also unclear last night whether the judgment which declared invalid one section of regulation even had any effect on the new media restrictions introduced on Wednesday night by the commissioner of police under regulation seven (d) of the emergency regulations, which includes the section declared

invalid by the Natal Court. Police headquarters in Pretoria indicated that the restrictions, which replace those withdrawn two weeks ago because they were incorrectly introduced by a telex message only, remain in effect.

But a lawyer specialising in newspaper law, who was involved in the Pretoria case said last night that section three (1) of the regulations, which bans media presence at arrests and reporting on actions of the security forces, appeared to have been deprived from the powers included in section seven (1) (d), which has just been declared invalid, and could therefore itself be invalid.

The new restrictions, which place blanket curbs on the reporting of unrest or the actions of the security forces, are even tighter than the original restrictions introduced on June 16 in telex form and ban all media personnel from being on the scene, or at a place within sight, of any unrest, restricted gathering or security action.

Customers' attitudes are worrying Pretoria, reports Jim Jones

Sanctions-busters not so sanguine

WHEN Mr Pih Botha, the South African Foreign Minister met his Japanese counterpart Mr Tadashi Kuramari in Tokyo yesterday—he pulled out all the stops in an effort to persuade Japan not to join other countries in imposing sanctions on South Africa.

Mr Botha's trip, which will also include Taiwan and South Korea, underlines the growing worry within the South African Government about the gradually tightening sanctions imposed. Pretoria's ability to beat sanctions is probably more dependent on the agreement of the customer than on South African traders' ability to hide the provenance of the goods they export.

Five weeks ago, for instance, Japan effectively halted imports of citrus fruits from South Africa by refusing to allow Japanese health inspectors to be stationed in warehouses in the Republic to check on fruit eradication procedures. Traders were particularly worried about this incident because Pacific rim countries are increasingly important markets for South African products.

Traders who learned their sanctions-busting skills in the years of the Smith Government in what was then Rhodesia, are past masters at getting South African goods into African countries. Frequent flyers they resort to ambiguous labelling an old trick in the sanctions-beating repertoire, particularly for products destined for markets in antagonistic countries north of the Limpopo River.

South Africa has no officially disclosed strategy for beating sanctions. It has, however, appointed Dr Marc Burger to the Department of Foreign Affairs specifically to coordinate counter-sanctions strategies.

In July, Mr Fred Bell, who led the development of the state-owned arms company Armscor into South Africa's most successful sanctions-beating operation, was appointed to a top-secret Government post to co-ordinate the country's sanctions-beating offensive.

Three weeks ago Mr Dewis de Villiers, the Trade Minister, announced planned legislation which would prevent private sector companies from disclosing trade-sensitive information. Government statistics, for instance, no longer itemise trade with South Korea.

Last year the Government appointed a committee to advise on unconventional trading options, but has not disclosed any of the committee's recommendations. Nor will a casual inquirer receive much help from Saffa (the South African Foreign Trade Organisation), the private sector group which provides export advice.

Despite the secrecy, it is clear that sanctions-beating efforts will be directed in four main areas: smuggling, subterfuge, local manufacture and economic incentives. They have all been used to some extent in the past two decades, and need only to be gingered up.

Applying pressure to neighbouring states is comparatively easy for South Africa, the dominant regional power. Mozambique suffered for years from a local insurgency backed by South Africa. Zambia and Zimbabwe, which rely on South African foreign trade shipments, were both given a taste of their neighbour's ability to disrupt their trade last month, when South African customs inspectors delayed exports by making detailed examinations of cross-border consignments.

The South Africans disingenuously insisted that the delays were not retaliation for the country's sanctions but the inevitable consequence of a brief "statistical survey" of cross-border traffic.

Anglo American Gold Investment Company Limited

(Incorporated in the Republic of South Africa)

Registration No. 05/09094/06

INTERIM REPORT AND DIVIDEND

The unaudited consolidated results and abridged balance sheet of the company for the six months ended August 31 1986 are as follows:

	Six months ended 31.8.86	Six months ended 31.8.85	Year ended 28.2.86
Consolidated income statement (R millions)			
Investment income	173.4	149.2	340.1
Interest earned	6.4	5.4	16.5
	181.8	157.6	356.6
Administration and other expenses	5.9	2.3	4.4
Costs of prospecting	5.2	5.2	11.2
	12.1	8.0	15.6
Net income before taxation	169.7	149.6	341.0
Taxation	1.2	2.7	4.5
Net income after taxation	168.5	146.9	336.5
Dividends	153.7	137.2	318.3
Retained earnings	14.8	9.7	18.2
Unappropriated earnings, February 28 1986	12.8	5.6	5.6
Adjustment thereto for changes in exchange rates	0.1	—	—
	12.9	5.6	5.6
Transfer to general reserve	28.7	15.3	22.8
	—	—	10.0
Unappropriated earnings, August 31 1986	28.7	15.3	18.8
Earnings per share—cents	788	699	1533
Dividends per share—cents	700	625	1325
—Interim	—	—	625
—Final	—	—	625
Consolidated balance sheet (R millions)			
Shareholders' equity	22.0	22.0	22.0
Share capital	22.0	22.0	22.0
Non-distributable reserve	—	—	—
Distributable reserves	295.7	272.3	290.8
	348.8	328.4	334.9
Represented by:			
Listed investments	289.2	281.4	281.4
Unlisted investments	5.5	5.5	5.5
Loans and mineral rights	42.1	28.2	28.2
	336.8	310.1	312.2
Current assets			
Debtors	68.4	51.0	84.8
Cash on fixed deposit and at call	115.3	108.6	120.3
	183.7	159.6	205.1
Current liabilities			
Shareholders for dividend No. 77	153.7	137.2	181.1
Short term loans	18.7	—	—
Creditors	1.5	1.1	1.3
	173.9	138.3	182.4
Net current assets	11.8	16.3	22.7
	340.3	328.4	334.9
The market and directors' values of investments are:			
Listed—market value	6 515.9	4 081.1	4 705.8
Unlisted—directors' valuation	212.4	107.5	102.0
	7 029.3	4 188.6	4 807.8
Number of shares in issue (000)	21 952	21 952	21 952
Net asset value (after providing for dividend)—cents per share	32 289	19 281	22 121

COMMENT

Earnings were 15 per cent higher at 788 cents per share, and an increased interim dividend of 700 cents per share has been declared (1985: 625 cents).

The increased dividends received on the group's investments in the gold mining industry largely reflect the higher proceeds, in rand terms, of gold sales in the first half of 1986, offset to some extent by lower gold production and increased mining costs and capital expenditure. During that period the average dollar price of gold rose by 11 per cent to \$343 per ounce, compared with \$310 in the first half of 1985. The rand price, however, increased by 22 per cent, from R222 to R278 per ounce, the currency having continued to weaken against the dollar.

The results for the second half of the financial year will depend largely on the rand gold price prevailing during the second half of the 1986 calendar year. In the first two months of this period the price has averaged \$348 per ounce for July and \$376 per ounce for August 1986, equivalent to R290 and R379, respectively, the dollar price having risen recently from fluctuating around \$340 per ounce to around \$380 per ounce. In the first few days of September the price has risen to above \$400 per ounce but with the rand strengthening the current rand price is now around R360.

For and on behalf of the board

J. OGILVIE THOMPSON Directors
G. W. H. RELLY

INTERIM DIVIDEND

On Thursday September 4 1986 dividend No. 77 of 700 cents per share (1985: 625 cents) being the interim dividend for the year ending February 28 1987 was declared payable on Tuesday November 4 1986 to shareholders registered in the books of the company at the close of business on Friday September 28 1986 and to persons presenting coupon No. 77 marked "South Africa" detached from share warrants to bearer.

The transfer registers and registers of members will be closed from Saturday September 27 to Saturday October 11 1986, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about Monday November 3 1986. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on Monday September 29 1986 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before Friday September 26 1986.

The effective rate of non-resident shareholders' tax is 14.8417 per cent. The dividend is payable subject to conditions which can be inspected at the Head and London offices of the company and at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 1st Floor, Edura, 40 Commissioner Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107), and Hill Samuel Registrars Limited, 8 Greenocot Place, London SW1P 1PL.

Holders of share warrants to bearer are notified that the dividend is payable on or after Tuesday November 4 1986 upon presentation of coupon No. 77 (marked "South Africa") only at the offices of Barclays National Bank Limited, Stock Exchange Branch, Diagonal Street, Johannesburg 2001, South Africa—Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich, Switzerland—Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France and Banque Bruxelles Lambert, 24 Avenue Marix, 1050 Brussels, Belgium. Coupons must be left at least four clear days for examination.

Proceeds of dividends in respect of coupons marked "South Africa" may at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa, into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

By order of the board
per T. S. Johnson
Divisional Secretary
London Office
40 Holborn Viaduct
London EC1A 1AJ

Head Office:
44 Main Street
Johannesburg 2001
September 5 1986

More banks to cut prime lending rates

STANDARD BANK and Trust Bank of Africa said yesterday that they will follow the lead of Barclays National Bank and reduce their prime lending rates by half a percentage point to 13.5 per cent from 14 per cent later this month, AP-DW writes from Johannesburg.

Europe urged to shun sanctions

BY CHRISTIAN TYLER, TRADE EDITOR

SOUTH AFRICAN mining executives are touring European capitals in a bid to prevent the EEC banning imports of coal, the country's second most important export commodity after gold, in any package of economic sanctions against apartheid.

Mr Cook claimed yesterday that 30,000 coal miners would lose their jobs if exports were halted and that their 150,000 dependents would starve. Another 20,000 jobs would go in allied industries.

He said it would be difficult to find new markets for such large quantities of coal in the event of sanctions. Last year coal exports were worth R2.1bn (2864.2m), over 60 per cent of the total foreign sales by value.

Trust Bank said its cut will be effective from September 24 and Standard Bank said it will lower its rate the following day.

Sanctions would lead to widespread unemployment and starvation among South African blacks, according to Mr Allan Cook, a director of Rand Mines. "They would also hurt us who have been in the forefront of promoting change," he said in London yesterday.

He was speaking after the deputation had conveyed a similar warning to Mrs Lynda Chalker, a junior Foreign Office minister, and officials of the Department of Trade. The

group is going on to lobby in Brussels, Paris, Rome and Bonn. EEC foreign ministers will debate whether to ban South African exports of coal, iron and steel when they meet informally this weekend in a country house near London. A formal decision is due by the end of the month.

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AMERICAN NEWS

Speakes warns of damage to US-Soviet links

BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE REAGAN Administration has issued a public warning that failure by Moscow to release Mr Nicholas Daniloff, the American journalist accused by the KGB of spying, could have a "negative effect" on US-Soviet relations. The warning, issued by Mr Larry Speakes, White House spokesman, came as Administration officials disclosed that Washington had proposed releasing into the custody of the Soviet Ambassador in Washington, Mr Gennadi Zakharov, a Soviet citizen held on espionage charges in New York. This would be done provided Mr Daniloff was released and returned to the US. In Moscow Soviet officials yesterday said they had not received formal notice of the US proposal which US officials said on Wednesday had been proposed to the Soviet Embassy in Washington in recent days. The US has been seeking to ease the tension surrounding the arrest of Mr Daniloff. Officials have been making it clear they want to prevent the dispute from obstructing continuing negotiations between the two superpowers ahead of a planned meeting between Mr George Schultz, US Secretary of State, and Mr Eduard Shevardnadze, Soviet Foreign Minister, on September 19-20. That meeting is seen as crucial if progress is to be made towards a second summit between President Reagan and Soviet leader Mikhail Gorbachev. Yesterday US-Soviet talks on controlling nuclear tests resumed in Geneva and today arms officials are scheduled to begin two days of talks on arms control in an effort to move the arms control negotiations forward as part of the build-up to a possible summit. On Wednesday, US officials did not try to mask their growing impatience with Moscow's decision to arrest Mr Daniloff, a reporter with US News and World Report, a weekly news magazine, on what Mr Speakes described as trumped up charges. Officials began to warn that unless the situation was resolved it could, indeed, harm summit prospects. Patrick Cockburn in Moscow adds: There is growing confusion over the contents of an envelope which Mr Daniloff had in his possession when arrested and which the Soviet authorities say show he was spying. The envelope, handed to Mr Daniloff by a friend before his arrest, was opened in his presence in prison. On Sunday he was reported to have told his wife it contained two maps marked "secret" and photographs of military facilities. Mr Mortimer Zuckerman, the chairman of US News and World Report, who saw Mr Daniloff's friend, said the envelope contained photographs identical to some sent a year ago by Mr Daniloff's friend to L'Espresso magazine for an article on Soviet troops in Afghanistan. Mr Daniloff said the KGB security police claimed the photographs were marked secret, but said he could not see any such markings. Mr Zuckerman also denied maps were found by the KGB.

US blocks Oxfam farm aid to Nicaragua

THE US Government is blocking a private relief agency from sending farm tools and other supplies to Nicaragua. AP reports from Washington.

The Reagan Administration refused an application from Oxfam America, a Boston unit of the UK-based relief agency, to ship to Nicaragua \$41,000 worth of donated and purchased supplies, an Oxfam official said. Supplies were said to include rakes, seeds, shovels, agricultural books, wrenches, chain saws, hammers and water pipes. Mr John Hammock, Oxfam executive director, said the shipment to two non-government agencies in Nicaragua was intended to alleviate food shortages in the war-torn Central American country which has been the target of a US trade embargo for more than a year. "We are dealing with the politics of hunger," said Mr Hammock. "This is a clear example of the Government playing politics with the poor overseas." Although the trade embargo permits shipments to Nicaragua to relieve human suffering, the Administration's denial, dated August 26, said Oxfam's supplies were rejected because "such transactions are inconsistent with current US foreign policy."

Nancy Dunne reports on the struggle for survival by the beleaguered space agency Nasa at turning point as funds are reduced

SEVEN MONTHS after the horrifying deaths of seven astronauts aboard the space shuttle Challenger, the National Aeronautics and Space Administration (Nasa) is engaged in a struggle for its own existence. The once-proud agency which put man on the moon, is at a turning point. Space experts say that either it gets the resources and responsibilities it needs to reassert its command of the space programme, or it is doomed to decline. Its important functions would be parcelled out to the Pentagon, private industry and the National Academy of Sciences. President Ronald Reagan has consistently praised Nasa and publicly sympathised with its plight, but his Administration seems prepared to let Nasa take the downward path.



Senator Garn... angry response

After months of indecision, the White House made public last month its plans to build a replacement shuttle for the challenger and to phase Nasa out of the commercial launch business. This is a clear example of the Government playing politics with the poor overseas. It brought an immediate angry response from key Republican Senators including Slade Gordon, chairman of the committee overseeing Nasa operations, and Jake Garn, the first senator in space. The financing plans for the new shuttle were not enough, they said. They also expressed concern about the direction and timing of the proposed removal of the commercial role of Nasa's operations. Many commercial payloads had been designed uniquely for the shuttle, they said, and some consideration ought to be given to companies which made significant investment in such payloads. The Democrats were not slow to join in the criticism. Senator Donald Riegle Jr asked the General Accounting Office to study the growing disparity in funding for space activities between the Defence Department

and Nasa. The space agency's budget, at less than \$8bn in 1987, has been virtually unchanged for years, while military space activities have been expanded, and have now reached double Nasa's budget. Meanwhile, the Administration has rejected the recommendation of its own Space Commission to set clear long-range goals for Nasa, such as the exploration of Mars. Lacking an inspirational vision to sell its constituents, Congress has for years reduced the agency's budget. In real terms it is now getting one-third of its funding in the days before the moon shots and its once impressive stream of planetary probes has come to an end. Only the longevity of some reconnaissance satellites in orbit and an overcapacity in transportation changes designed to respond to criticism of Nasa's decision-making and communications deficiencies. Investigators, task forces and advisory groups have been appointed but disension has continued. The investment of \$8bn in a space station, pieces of which

Martin Marietta Corporation said yesterday it would lay off up to 800 workers in the next four weeks at its Louisiana aerospace operations because of delays in the space shuttle programme. Reuter reports from New Orleans, Martin Marietta Michoud Aerospace, which makes the orange fuel tanks for the shuttle, said the National Aeronautics and Space Administration has 15 tanks on hand and will not need them until shuttle flights resume in 1988.

Even worse, said the advisers, the US technology base has been so eroded that Nasa would have little capacity to move out in new directions should the need arise.

According to Aviation Week and Space Technology magazine, top White House advisers who have direct access to the President either are "too technically unsophisticated to grasp the importance of rekindling an aggressive well-balanced space programme, or are preoccupied with other issues."

Space analysts are clear that leadership on the future of US space activity is desperately needed from the Administration. But the White House has so far been unable to see past its attraction for weapons systems and the President's personal dislike of raising the taxes needed for Nasa to survive in its present form.

Brazil close to winning endorsement for debt deal

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BRAZIL was last night within a few days of obtaining the commitments it needs from its commercial bank creditors to ensure the smooth working of its latest \$31bn (£20.6bn) debt restructuring. Under the terms of the deal Brazil will be granted a retroactive reduction in interest margins worth over \$300m on medium- and long-term debt falling due in 1985 and 1986, but only if commitments covering 95 per cent of the arrangement are in by tonight. The Citibank-led advisory committee has been racing against time to reach the targeted level of commitments ahead of today's deadline amid signs that some creditor banks have been reluctant to endorse the restructuring scheme. By last night the 95 per cent target had been reached for signatures covering part of the agreement which calls for 1985 maturities to be rescheduled over seven years and 1986 maturities to be rolled forward until next March. However there was still a small shortfall of commitments to the other portion of the package which calls on lending banks not to cut the \$1.5bn in short-term trade credit and money market lines they have collectively made available to Brazil. Resistance to the package reflects continuing dissatisfaction among some creditor banks over the Brazilian Government's failure to honour the debts of private sector banks that failed last year as well as lingering concern over the Sarney regime's refusal to negotiate an International Monetary Fund economic adjustment programme. Expectations among bankers on the advisory committee were that today's deadline would be met, but only just. If it is not, the planned cut in interest margins to 14 per cent from an average of around 2 per cent over London Eurocurrency deposit rates will not be retroactive. One banker said that this "would be a slap in the face" to Brazil, making even harder the negotiations on a longer-term rescheduling agreement which are due to start at the end of the year.

Sao Paulo car industry 'near to stoppage'

By Ann Charters in Sao Paulo

BRAZIL'S CAR manufacturing industry is in a state of near paralysis because of shortages of components and the effects of intermittent strikes. Mr Andre Beer, president of the National Automobile Manufacturers' Association, said car production would stop soon if problems were not resolved. Production was down 8 per cent in August against July and sales were down 14.3 per cent because of lack of units. Ford and Fiat placed workers on mandatory vacation in August because of lack of work and Volkswagen announced this week that 10,000 workers—more than one quarter of the company's workforce—would be required to take 10 days off in April to ensure supply of car shortages. The main problem is the shortage of raw materials, specifically pig iron, aluminium and lead. Until the current crisis, production was ahead 25.3 per cent over the first half of last year, and domestic sales were up 31.8 per cent.

Haiti rejects reconciliation with Duvalier

A PUBLISHED request for reconciliation with Mr Jean-Claude Duvalier, the deposed Haitian President, has sparked angry refusal from the Caribbean nation's Justice Minister, Reuter reports from Port-au-Prince.

"It is not everyone that agrees to be bought," said Mr Francois Latortue, responding to a letter attributed to Mr Duvalier which was published in the New York newspaper Haiti Observateur. The letter was addressed to Lt-Gen Henri Namphy, president of the new ruling National Council of Government. The report said Mr Duvalier had hinted elsewhere he would consider negotiating for reconciliation "by rescheduling part of a fortune based on the figure of \$300m." Mr Latortue said the council had not received a proposal from Mr Duvalier, adding that extradition of the former leader for crimes against the people was not possible at present. Haiti may try to extradite Mr Duvalier after elections in November, 1987, Mr Latortue said.

Venezuelan oil projects

BY JOE MANN IN CARACAS

THE VENEZUELAN national oil company, Petroleos de Venezuela, (PDVSA) has announced plans to invest about \$2.13bn in petrochemical projects over the next few years. These investments will include some private capital from Venezuela and overseas and will be managed by PDVSA's petrochemical subsidiary, Pequiven. Although Pequiven has not published details of production capacity and estimated costs for individual plants, its highest-priority projects are facilities for producing ammonia, sulphuric acid, polypropylene, caustic soda, aromatic compounds, ethylene, acetylene oxide and fertilisers. Pequiven aims to increase capacity at some plants and install facilities for making new products. An important share of new capacity will be directed towards export markets. Last year Pequiven had sales of almost \$522m and after-tax profits of \$80.5m. It exported 20 per cent of its production.

Advertisement for Investelectric featuring Ian Flint, Industrial Sales Engineer at Yorkshire Electricity Board. The ad shows Ian Flint holding a large cylindrical object labeled 'OIL BOILER' and pointing to another labeled 'ELECTRIC BOILER'. Text includes: 'When cotton yarn processors James Sutcliffe & Sons Ltd were told of the massive savings they could make by switching from oil to electricity they were, frankly, sceptical. Ian Flint, Industrial Sales Engineer at Yorkshire Electricity Board, had taken a hard look at the oil boiler - used to provide heat for steaming cotton yarn and for space and water heating in the works canteen - and predicted substantial benefits by switching to electricity. YEB carried out detailed tests before recommending the installation of a highly efficient electrode boiler for yarn steaming, with separate electric space and water heating equipment in the canteen. And it's no yarn that James Sutcliffe realised their investment after just 19 weeks. This was just one of several thousand projects tackled by Electricity Board Industrial Sales Engineers during the last year. They could help your company in many ways: cutting energy and operating costs; improving product quality; boosting production; creating better working conditions. And they're backed by the R&D facilities of the Electricity Supply Industry. There are very few companies indeed that can't benefit from the many electrical techniques available. And even at current oil price levels electricity brings substantial cost savings in many situations. Fill in the coupon for more information or contact your Industrial Sales Engineer direct at your local Electricity Board. "They thought I was spinning them a yarn when I predicted 90% energy cost savings." To: Electricity Publications, PO Box 2, Feltham, Middlesex TW14 0TG. Please send me more information on ISE Service. Please arrange for an ISE to contact me. Name Position Company Address Telephone The energy-efficient switch. INVESTELECTRIC Energy for life. THE ELECTRICITY COUNCIL FOR YOUR ENERGY 1/199 The Electricity Council, England and Wales

WORLD TRADE NEWS

Bid to narrow trade policy split

BY QUENTIN PEEL IN BRUSSELS

TOP TRADE negotiators from the US, the European Community, Japan and Canada, yesterday began three days of informal talks to narrow their policy differences...

Mr Willy de Clercq, EEC Commissioner for trade and chairman of the talks, is expected to try to steer clear of the most controversial subject...

Mr Clayton Yeutter, US Trade Representative, said before his departure for the Sintra meeting that it might not be possible to agree a common strategy...

enjoy all the advantages of exporting under the system, without ensuring that it imports as freely.



Mr Willy de Clercq, EEC Commissioner for trade...

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Table of serial numbers for Series A and Series B notes, including columns for note number and principal amount.

The Notes drawn for redemption will become due and payable on October 6, 1986 together with accrued interest for the period from February 13, 1986 to October 6, 1986. On and after October 6, 1986 the Series A Notes so redeemed shall cease to bear interest.

As of this date, the outstanding principal amounts are: Series A Notes: US \$ 11 000 000.— Series B Notes: US \$ 89 240 000.—

Zurich, September 5, 1986 CREDIT SUISSE as Fiscal and Principal Paying Agent

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France draws lines for rugged farm debate

FRANCE HAS ensured that agricultural trade will be one of the two main areas of confrontation for the world's trade ministers when they meet at Punta del Este, Uruguay, on September 15 to decide on the start of a new round of international trade negotiations...

include the "new" issues. It has also continued an aggressive farm trade policy designed to make the EEC face realities.

\$2.40 a bushel from June 1 and has announced that it expects to cut the price further to \$2.20 next June.

in Gatt's Article XI, thereby escaping the obligation to limit domestic farm output.

The French staked out the lines for what Mr Clayton Yeutter, the US Trade Representative, forecasts will be a "rugged debate" at the end of July in the GATT committee preparing for the talks.

At a meeting in Cairns, Australia, they agreed to insist on improvements to the declaration, to commit countries to a reform of agricultural trade that would include a marked reduction in the use of agricultural subsidies.

These are the key Gatt conditions for allowing a country to apply long-term, non-tariff protection to its farm industry.

A prohibition with exceptions would have to achieve the right balance between allowing governments to maintain farm income support at a politically acceptable level and encouraging them to adapt to Gatt disciplines pushing in the direction of output restriction.

Paris wanted the declaration to omit any reference to farm export subsidies and objected to a modified text stating that negotiations would consider a "phased reduction of the negative effects of direct and indirect subsidised competition on world markets."

Gatt estimates that world farm output has consistently grown faster than farm population since 1980. Last year agricultural exports declined 1 per cent in volume and 6 per cent in value, while output was up by 2 per cent.

The crucial wheat market fell by 10 per cent last year from 100m to 85m tonnes. US stocks of grains jumped by some 50m tonnes this year according to the Department of Agriculture.

Despite the urgency of the diplomatic task, officials argue that too much momentum has gathered behind the new trade round for ministers to allow it to collapse at the first fence.

Borg Warner shuns Japan import talks

BY CARL RAPPAPORT IN TOKYO

BORG WARNER, US vehicle parts manufacturer, has decided not to participate in the US Government's initiative to increase Japanese imports of American car parts.

Jaguar faces US fuel penalty

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAGUAR, the UK luxury car group, faces a fuel consumption penalty of more than \$8.5m (£5.7m) this year in the US where it sells about half its annual output.

Danish group places order for 5 ships

BY HILARY BARNES IN COPENHAGEN

THE AP MOELLER MAERSK SHIPPLING COMPANY has placed an order for five new container carriers and three container ships with the Odense Steel Shipyard, which is owned by the group.

Soviet moves will step up drive for orders

BY PATRICK COCKBURN IN MOSCOW

THE END of the monopoly powers of the Soviet Foreign Trade Ministry from the beginning of next year is likely to lead to increased foreign competition for contracts in Moscow between traditional links between foreign suppliers and the ministry will be disrupted, say diplomats.

Hungary to import 25,000 Opel cars

BY PATRICK COCKBURN IN MOSCOW

HUNGARY is to import 25,000 Opel cars from West Germany over the next five years and will pay for them with truck components, László Csik writes.

Plan have been disappointed

BY PATRICK COCKBURN IN MOSCOW

Two British companies, John Brown and Davy McKee, bidding for two chemical projects, originally reported to be worth more than £10m, are still waiting to see if scaled-down versions of the schemes will go ahead.

British aims to block subsidies showdown

BY CHRISTIAN TYLER, TRADE EDITOR

BRITAIN HAS accepted the responsibility as current president of the EEC of preventing a political showdown over farm subsidies that could ruin the launch of world trade negotiations in Uruguay later this month.

William Dulforce in Geneva looks at the thorny issue of agriculture

BY PATRICK COCKBURN IN MOSCOW

WILLIAM DULFORCE, US Trade Representative, is in Geneva for a series of talks on agricultural trade with the EEC.

RESEARCH FUNDING

David Fishlock describes the changing role of Britain's biggest civil research centre outside the nuclear industry
Envious eyes cast on Rutherford laboratory's budget

A SINGLE laboratory in Oxfordshire consumes almost a tenth of Britain's national science budget. At a time when this budget is under severe strain, with the Government's scientific advisers pleading for another £35m next year, it is inevitable that envious eyes be cast at the £50m allocated to the Rutherford Appleton Laboratory at Chilton.

This is Britain's biggest civil research centre outside the nuclear industry. Its critics include the international science journal Nature and Sir Douglas Hague, chairman of the Economic and Social Research Council, who believes "one of the things Britain is worst at is closing things down."

Prof Sir David Phillips, chairman of the Advisory Board for the Research Councils, which counsels the Government on science spending, admits there is a lot of muzzling about Rutherford.

The original post-war role of this laboratory—atom-smashing with an accelerator called Nimrod—gave way long since to activities ranging from the spectrum of the physical sciences. Here, says Sir Douglas, is a laboratory which spends almost as much on itself as the total of the research grants to academics to whom it provides services. Too much of Britain's science budget may be going into self-perpetuating "bureaucratic science," he believes.

He questions the recent decision to site the new Cray supercomputer for the use of Britain's university scientists at RAL this year. As host to this \$13.5m facility, the laboratory will become almost immune from any further challenges to its future in British science, Sir Douglas says.

The laboratory epitomises big science in Britain. Its activities include such costly areas as national support for Britain's membership of CERN, the Euro-

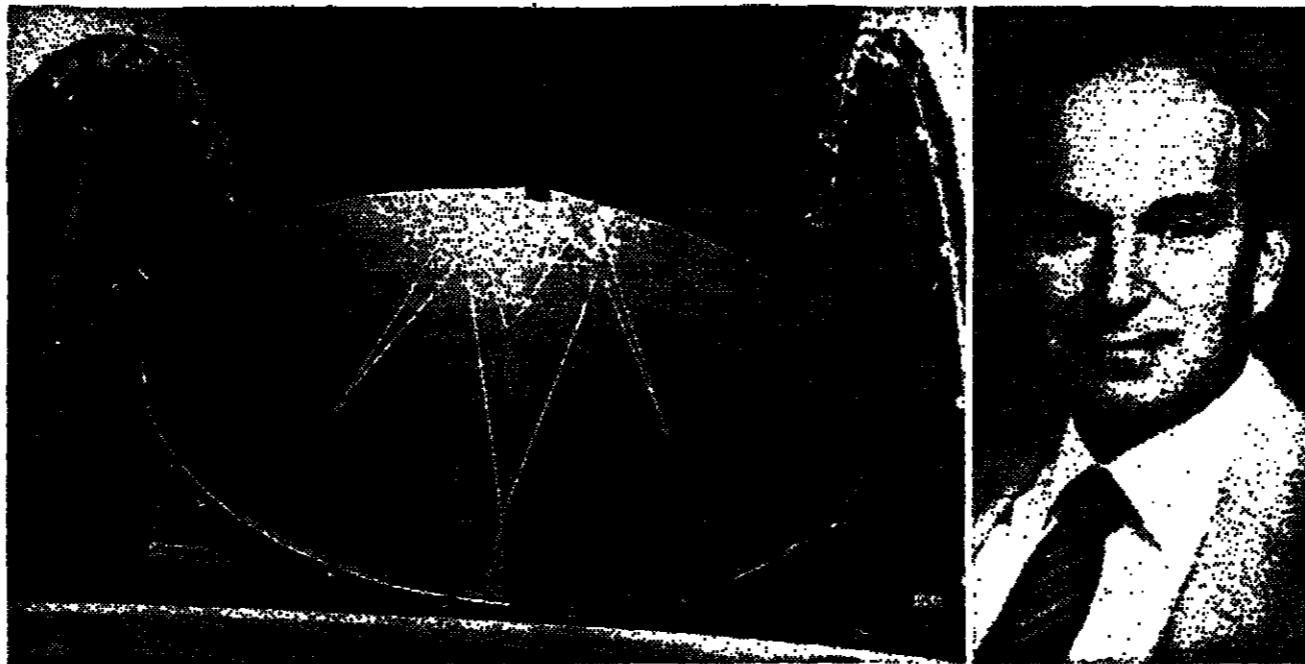
pean Laboratory for Particle Physics, near Geneva, and for space science at the European Space Agency in Paris, as well as providing the hub of a national computing network that serves British universities. For the astronomer, it has just built a unique kind of telescope, 14,000 ft up a mountain in Hawaii, at a cost of about £10m.

Its most expensive instrument has cost £60m. This is Isis, an atom-smasher used not to explore the fundamental structure of matter as at CERN, but as a microscope that can penetrate everyday problems—posed by metals, powders, catalysts, chemical reactions, living cells—to understand how they behave. Instead of lightwaves, Isis uses a shaft of neutrons.

Isis illustrates a fundamental misunderstanding on the part of critics about RAL's role, its management believes. This is an expensive facility which supports a lot of little science. Isis is being used for about 5,000 hours a year. RAL even pays the travel expenses.

As Prof Geoffrey Manning, RAL's director, sees it: "We have 4,000 highly intelligent, impatient people making demands on the laboratory." These are the scientists in British universities and polytechnics who share time on such powerful instruments as Isis.

Under such pressures, he argues, it would be very difficult for RAL's staff not to stay on its toes. It is neither a dominant nor a servile role, but a genuine collaboration of scientific interests by RAL and its users, its managers say. In another five years, the laboratory's programme will have changed again "because the requirements of



The Angle-Dutch 300mm telescope built by the Rutherford Appleton Laboratory in Hawaii and Professor Geoffrey Manning, RAL's director.

science are changing." But the critics point out that Isis was originally conceived by the laboratory itself as a way to survive in big science, not in response to potential users. If it had not been built, many other parts of science might have benefited from the cash.

RAL is not really a research centre. It does some research of its own, to help convince its collaborators that it knows what it is talking about. Of a staff of 1,444, about 300 spend part of their time on research. But it is always research in support of the highly sophisticated scientific services RAL offers, and it accounts for only 7 per cent of the budget, Prof. Manning

asserts. Thus RAL is a multi-purpose laboratory, spanning a spectrum from the smallest to the largest measurements in science—from measurements on sub-atomic fragments to celestial spacings. It requires engineering of an order unobtainable in British industry.

RAL's central user facility, managed by Dr Mike Key, is not only exploring the frontiers of laser design and engineering in competition with big US, Japanese and French laboratories, but also offers a wide range of services, increasingly to biological and medical scientists.

considerable interest in an X-ray laser of a particular wavelength, about 40 angstrom, to take advantage of the "water window" so that they can illuminate living cells. Through the engineering development of its powerful Vulcan ultraviolet laser, in a joint effort involving three British university teams, RAL has come closer this year than any other laboratory to the coveted X-ray laser, with a wavelength as short as 81.91 angstrom. US laser scientists at one laboratory, with about 100 times RAL's laser budget, call it "the best value for a buck in laser science," Prof Manning asserts.

spreads most widely across UK science is central computing, managed by Mr Douglas House. Mainframe computing has been run as a business for more than a year. It has 2,000 subscribers in British universities and can handle 350 concurrent users, Mr House says.

JANET, the Joint Academic Network, connects all university sites and all the laboratories of the Science and Engineering Research Council and the Natural Environment Research Council. A gateway developed by RAL joins JANET with EARN, the European Academic Research Network of another 600 computers.

establish the Cray supercomputer as a separate facility under Mr House. The decision to set up this new national facility was reached by a joint working party of the Advisory Board for the Research Councils, the Computer Board for Universities and Research Councils, and the University Grants Committee. Its report last year found that "for quite modest expenditure, a supercomputer can meet the needs of a large number of users to solve complex problems in all areas of science. Not only is it an essential tool for research but it is also extremely cost-effective." It recommended purchase of the Cray, and RAL as its location.

Mr House hopes to have his Cray service running within six weeks of receipt this winter. Who can use it will be decided by peer review. How time will be shared will not be a problem until its capacity is saturated.

This raises the question of whether what is evidently a "centre of excellence" in British science should not find substantial earnings outside the hard-pressed science budget. The most compatible way to bring in money is to internationalise instruments such as Isis, so that the research budgets of other countries help pay for their further development.

RAL is aiming to ensure its survival by making itself indispensable to science. It can be argued that the growing interest in Isis shows how far-sighted it was in anticipating the needs of its users. It can also be argued, of course, that scientists might as well use it because it is there.

An obvious pitfall for RAL is that it will come to be seen by scientists as simply a collection of very sophisticated and very disparate services, operated on their behalf with no central creative role of its own. This would be very frustrating for Prof Manning and his direc-

tors, and would probably reduce any chance of an independent research programme.

One opportunity for more independence is for RAL to earn more money outside the science budget. It has the freedom to undertake research on commission up to 10 per cent of its budget if the work is compatible with its programme.

Another proviso is that such research shall not hamper free access by its 4,000 current users—that is, shall not be classified. Prof Manning recently spelled out for staff his own rules, under which he is willing to participate in such work as laser weapon research for the US Strategic Defence Initiative. Above all, RAL must remain open to all-comers, he says. Its chances of landing a £10m contract to build a big excimer laser with SDI funds appear to have diminished this summer.

RAL has not been very successful in selling its science to industry. It earns only about 1 per cent of its budget in this way. Prof Manning believes it can find a much bigger role in helping to transfer technology from universities into industry.

"It's like prostitution—it was frowned upon," he says of past academic attitudes towards commercial exploitation. But he has begun to explore several ways to win more attention from industry, including the possibility that the British Technology Group might act as his business managers.

The laboratory wants to engage, ideally, in joint ventures with industry. One which the laboratory hopes to persuade Rolls-Royce to co-finance is a remarkably revealing method of measuring temperatures throughout a gas turbine when running, using a beam of neutrons from Isis. It could lead to the development of a compact source of neutrons convenient enough for Rolls-Royce to put on an engine test bed.

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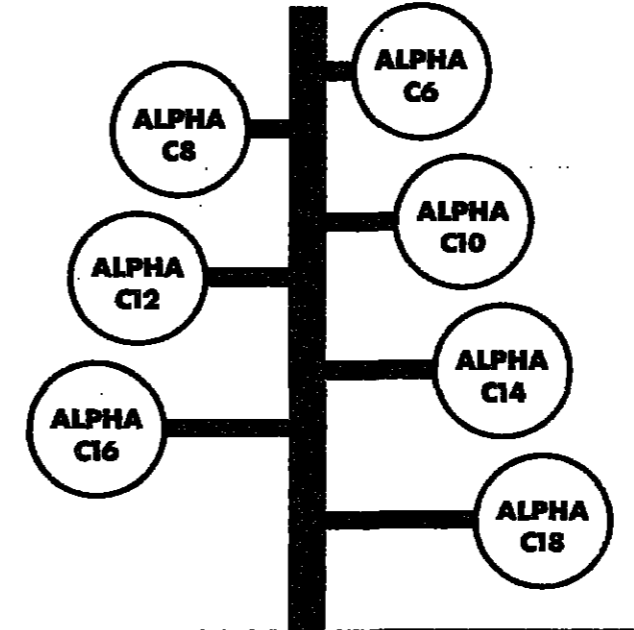
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TECHNOLOGY

Quick data link goes on trial at Harvard

By Louise Kehoe in San Francisco

COMBINING packet-switching data communications techniques with fibre optic cable technology, NYNEX, the New York telephone company aims to provide a relatively low-cost method of linking computer systems.

To prove the system, Harvard University, in Boston, has agreed to co-operate in a trial that will link four of the University's major computer facilities. The NYNEX funded experimental system will provide a high-speed data link between the computers, using existing fibre optic telephone lines.

This so-called "Metropolitan Area Network" (MAN) will carry data signals at a speed of 10 megabits (1.25 characters) per second, about 178 times faster than current systems.

MANs, such as the one to be tested by NYNEX at Harvard, are a topic of increasing interest in the computer communications industry. A MAN provides high capacity data communications at speeds normally found only on local area office networks over geographic areas as large as a city.

A major advantage of MANs is that they can be expanded or reduced quickly with little or no change in fibre facilities, responding immediately to changing service demands.

"With the data communications market growing at an annual rate of 15 to 20 per cent, and an expected five-fold increase in private computer networks by 1990, the need for high-speed, high-capacity transmission and for network integration becomes obvious," says Nagappa Pattanabhi, manager of network planning at NYNEX Service Company, which is coordinating the Harvard project.

He notes that packet switching combines flexibility and speed, while fibre optics gives the widestband capacity needed to carry the packet signals over great distances.

He characterised the trial as "a major step in NYNEX's evolution toward a wideband integrated services digital network (ISDN) in which voice, data and video signals will all be carried over the same band of fibre optic cable."

The high capacity of MANs will make high-speed data applications between processors more cost effective and will even spawn new applications, NYNEX believes.

The primary goal of the Harvard trial is to interconnect local area networks (LANs) located at various university facilities. These LANs will be able to communicate with each other over the MAN. The high capacity, comparable to that on the LAN itself, will avoid bottlenecks during transfer of inter-LAN traffic and will create an environment more conducive to distributed processing and sharing of databases.

New England Telephone will plan and install the fibre optic system connecting the Harvard computer centres to three telephone central offices. Bell Communications Research Inc will provide modified switching and develop the software needed for the trial project.

Salomon's sense of theatre brings down the roof

David Lawson looks at how the US financial group set about creating the largest dealing room in Europe

IMAGE IS becoming a powerful force in the modern City of London. Business can hinge not just on doing well but be seen to be doing well.

One of the most potent signs of success today is the noise and fury of a trading room, crammed with endless rows of advanced electronic equipment and screaming traders, making deals worth billions of pounds at the opening of the New York market or after some crucial economic news.

In the run-up to the deregulation of the City markets, the Big Bang on October 27, the financial institutions have been scrambling for buildings with the space for such dealing floors and the capacity to handle new technology. Usually they have had to move out of the heart of the City to find suitable premises, something that soaring rents and restrictive planners have never previously forced them to do.

But ripples of shock ran through the City when Salomon Brothers, one of the world's leading financial groups, decided this year to move out as far as Victoria, the west of London's financial heartland. Even more surprises were in store when plans were revealed for the way Salomon's designers aimed to convert the new building over a Victoria station to meet the bank's unusual demands.

Salomon was not interested in merely creating a standard glass floor of dealing desks like its competitors. What it wanted was to reproduce the sense of theatre of its main trading area at the company's headquarters in New York, a double-storey space known simply as "The Room," where V.I.P.s can look down on the drama and tension of the floor below.

It is the image of this floor being the hub of the financial market that is important," says Mr Stephen Swicegood, managing director of Heery, the US architects and engineers who have carved a niche in the UK

by helping ease American companies into the British way of construction.

Heery had originally short-listed buildings closer to the City core, around Liverpool Street Station and on the south bank of the Thames, but the cost of conversion or the refusal of developers to countenance such radical changes ruled out these sites. Salomon was getting desperate, as it wanted its operation up and running by the October Big Bang deadline.

Then its property advisers Savills put their heads together with Heery and realised that the development over Victoria Station had been built with two storeys big enough and high enough for the over-size dealing room. It was enough to draw Salomon far out of the traditional banking area, but

raised enormous technical problems.

"The first was that the open space had not been designed for people," says Mr Swicegood. "There was no power, no lights, and no other services—yet we were aiming to put in the most highly serviced of operations." This was a minor matter, however, compared with the problem of taking away an existing two-storey link block within the open space and bringing the roof level down from the fifth to the second storey. The room needed height for dramatic effect but not the full height of the atrium.

Fitting an internal false roof seemed feasible to Heery. This would have the added advantage of blocking the view of other tenants in the upper stories. But just to add to the difficulties, the building had been designed

to its structural limits because it was built over the station on a restricted number of columns reaching down to the tracks two levels below.

"That meant any extra weight was restricted to that of the demolished link block, and all this had to be supported on a few columns rather than fixed to the surrounding building."

Salomon also came up with a further restriction to test the engineers and prove its determination to have the right sort of operation no matter what the cost. It decided to limit the lease terms to three years duration in case it decides to move back into the City in the near future (even though it has longer leases on the rest of the space in the building). This meant the whole lot had to be easily removed within a short time.

After much discussion with

UK engineers Anthony Hunt the solution involved an internal floating roof suspended by steel cables from extensions built onto existing columns and threaded into the side of the building. Britain leads the world in these sorts of structures—through coping with work by architects like Richard Rogers—but Mr Matthew Wells, the project engineer, says it is the first time the method has been used indoors.

The roof contains all the special lighting and air-conditioning required for a dealing floor. This had to be independent of the rest of the building because long trading days are different to normal office hours. Large amounts of aluminium were used to keep down to the 280-ton weight limit.

As a final test of the designers' ingenuity, Salomon asked for the

structure to be hung from two columns rather than three, giving extra uninterrupted space to the 13,500 sq ft dealing floor.

This technical triumph will produce the largest dealing floor in Europe when "The London Room" switches on next month to wind up for the Big Bang. More than 300 desks will fit into the hooded atrium surrounded by other dealing operations in offices and viewing areas around the complete 55,000 sq ft floor.

If everything goes well, Salomon may find its outpost to the City comfortable enough to stay in. "After all, many of the directors may like the idea of walking to work from their homes in Belgrave," says Mr Swicegood.

If not, the whole lot could be taken to pieces again in a few years.



Victoria Plaza: Away from the City but big enough to house Salomon's "London Room."

How big-magnet research in Britain has become torn between two fields

SHOULD Britain back its own scientific—and commercial—success in inventing powerful new kinds of magnet and uses for them? Or should it pool its expertise with that of European scientists to create a major new multinational research facility near Grenoble in France?

European scientists with an interest in very high magnetic fields gather in Grenoble next month to try to resolve the best way of meeting their research requirements in a very fast-moving sector of science. It is science, moreover, that underpins a broad swathe of high technology, from chemical, biochemical and medical assay to new semiconductors and superconductors.

At issue is the plan of the Clarendon Laboratory in Oxford, one of Britain's biggest physics departments, for a national magnet laboratory. The original plan dates back to the early 1960s when Sir Martin Wood, founder and deputy chairman of the Oxford Instruments Group, was providing the Clarendon with a reliable

supply of magnetism as manager of its high field support group. His job was to put magnetism "on tap" as freely as electricity or water.

His plans were shelved when the government said it would finance them provided the national magnet laboratory was built at Newcastle University, in the interest of dispersing science more uniformly throughout the country. Wood put his energies instead into his fledgling company, making magnets to the special requirements of scientists.

A quarter-century on, with the magnet laboratories Wood had designed for the Clarendon now inadequate to meet the scientific demand, his plans have been dusted off and updated by Harry Jones, the physicist who now manages the Clarendon's high field support group. But the latest scheme still centres on a remarkable facility that the Clarendon first acquired in 1947, round which Wood had laid his plans. This is an old Metrovick motor generator, a veritable "Rolls-

Royce" of its kind, which provides 2 Mw of power for many of the magnet experiments. For Jones, as for Wood in the 1950s and 1960s, keeping this machine in peak condition is the premier task.

The Clarendon has presented the Science and Engineering Research Council with a new scheme for a national magnet laboratory in a new building adjoining its Mullard Cryomagnetics Laboratory. Magnet design has progressed space, for 25 years ago there were no superconducting magnets. Today the researcher can choose from three sources of high magnetic field—conventional electromagnet, superconducting, and pulsed—each having its own distinctive experimental characteristics.

With new magnet designs, the old Metrovick motor generator still provides the most stable and convenient source of high field—up to 13 tesla. The national magnet laboratory, as now envisaged, would still need the machine as well as many of the Clarendon's unique mag-

nets, such as the large superconducting magnet wheels which can be shuttled between different laboratories.

It would also need its hybrid magnet, combining the technologies of the electromagnet and superconducting magnet, which Jones believes "must be the most heavily used big magnet in the world." But the hybrid, now 15 years old, badly needs an expensive refurbishment, he says.

The tradition of his magnet group has always been to provide the researchers with a dependable service, not to establish a monument to science. "We never set out to break records in having the highest field."

His current scheme would cost the research council "a few million pounds"—perhaps £2m a year for three or four

years—to implement in full. Compared with some of the schemes for "big science" it is fairly modest, but nevertheless comes at a time when the nation's science budget is severely stretched, with many more worthwhile proposals than it can hope to fund. One of the scheme's staunchest proponents, Prof Bill Mitchell, former director of the Clarendon but now chairman of the Science and Engineering Research Council, must also be seen to be fair in adjudicating on new investment.

There are also new pressures on British science to internationalise its own major research investments and, if it wants other countries to join in and help pay for British instruments, it must co-operate readily in new European schemes. Such a scheme is a new European magnet laboratory proposed for Grenoble.

The big change from when Wood was planning a national magnet laboratory in Oxford, in the 1960s, is that today "there is a cast-iron demand for high

magnetic fields." He knows, having built up a company supplying this demand, initially for laboratory research and then, as commercial opportunities such as nuclear magnetic resonance (NMR) and NMR medical imaging opened, with lucrative production runs of high field magnets.

Britain cannot afford to opt out of having its own "centre of excellence" in research needing such magnets, he says. He doesn't oppose plans for Grenoble but thinks that for a modest sum the Clarendon could continue to fulfil a strong need among British scientists.

His own company—probably Britain's most successful example of a university spin-off—does benefit from having a very active science community just round the corner. The Clarendon also still does the quality acceptance tests on the 2.5 tonnes of superconductor it winds into magnets each day.

Oxford Instruments has its own science and engineering of magnets, reckoned to be absorbing over 10 per cent of turnover. It has successfully tested a new

design of 600 megahertz NMR magnet with 20 per cent higher field strength than any other commercial NMR magnet. It also successfully tested last month a film magnet for Cornell University physicists.

A design team led by Martin Wilson, one of the world's foremost magnet designers, wood from academia, is engaged in several highly ambitious projects based on superconducting magnets. They include a miniaturised synchrotron (atom-smasher) the company sees as the microchip-making machine tool of the future, when line widths are as fine as half a micron or less. Another is a miniaturised cyclotron for the manufacture of radio-isotopes, weighing perhaps 1 tonne where today's technology is 20 times as heavy.

Sir Martin Wood, who nowadays has special responsibility for Oxford Instruments' links with universities and research centres, says his company will help fund the national magnet laboratory provided it gets the backing of those who administer the science budget.

OUT OF THE BACKROOM

by David Fishlock



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MANUFACTURERS OF THE WORLD'S MOST POWERFUL HAND-HELD COMPUTERS

Ceramics boost to gas turbine efficiency

By Geoffrey Cheshire

CERAMICS FOR gas turbine components that will improve the efficiency of both aero and industrial gas turbines are under development at AE of Rugby, UK (0788 816677).

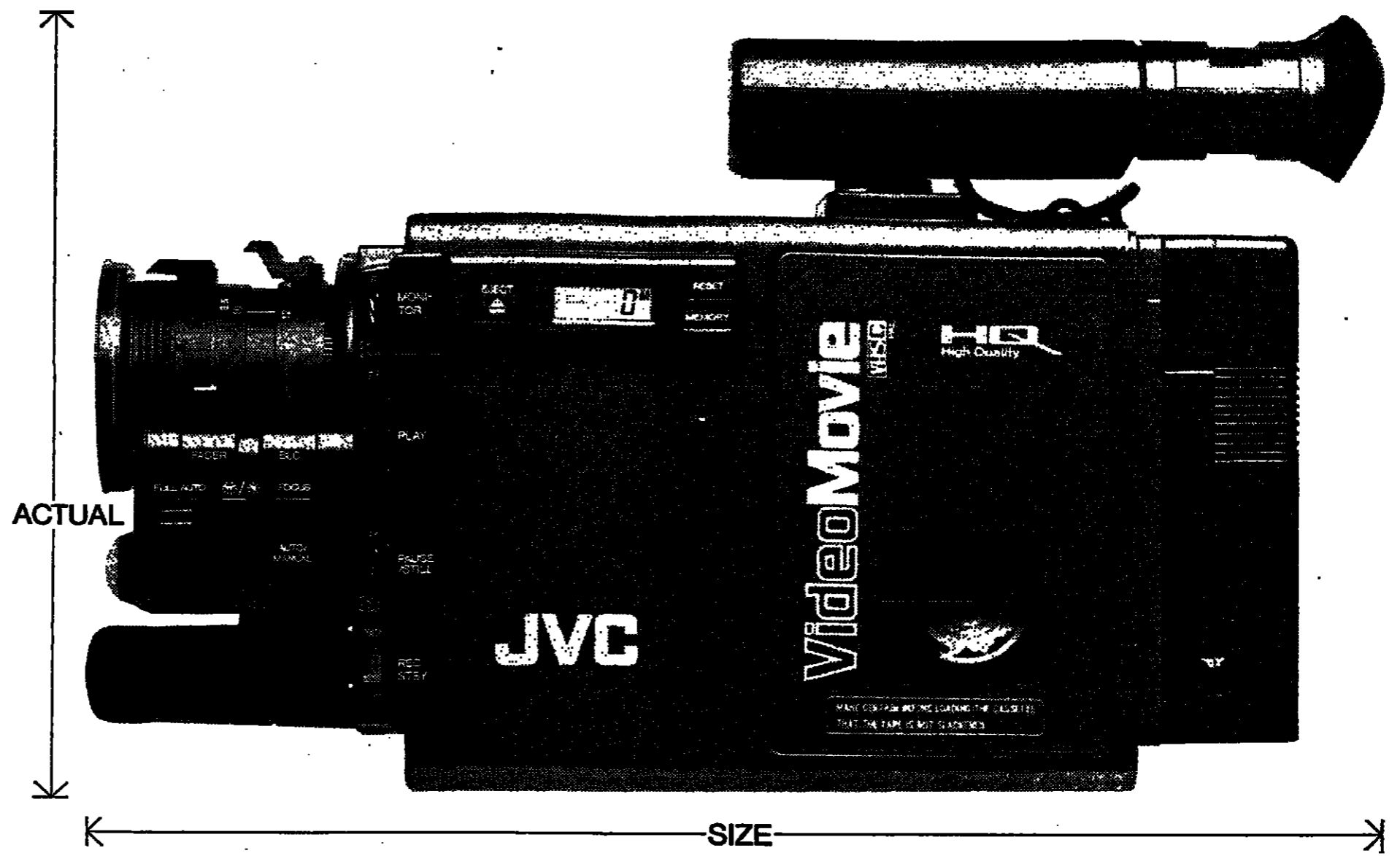
Conventionally, gas turbine axial blades operate in gas temperatures exceeding 1,500 deg C, higher than the melting point of the superalloys used to make them. The blades have to be cooled using air from the compressor section, which uses power.

Under Department of Trade and Industry sponsorship, the company has developed materials which substantially maintain their high strengths at temperatures likely to be found in future gas turbine applications.

Hitachi has designs on sharper colour

HITACHI has launched what it describes as an ultra high resolution colour monitor for computer aided design and manufacture or business graphics applications.

Designated the CR2087A, the 20-inch monitor has a 1664 by 1245 dots resolution. The cost of the basic machine is £3,000. More information from Hitachi on 01-645 5787.



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FEATURES

UK NEWS

Fall in tourism earnings cuts trading surplus

BY GEORGE GRAHAM

BRITAIN'S tourism earnings, dropped in the second quarter of the year and cut the surplus on the current account of its balance of payments to less than £400m, the Central Statistical Office said yesterday.

British managers drop in pay league

By Richard Evans

UK BUSINESS managers have dropped from fifth to sixth ranking in the European Community pay league, according to the latest survey by Inbucon, the international management consultants.

Thatcher likely to boost party machine in election run-up

BY PETER RIDDELL, POLITICAL EDITOR

MR JOHN COPE, the government deputy chief whip (parliamentary party manager), is in line to take up a key new post of overseeing the organisation of the Conservative Party in the run-up to the general election.

FARNBOROUGH INTERNATIONAL AIR SHOW Eurofighter radar bid

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A NEW European group has been set up by UK, Italian and Spanish companies to bid for the £1bn radar system contract for the forthcoming Eurofighter aircraft.

Shorts wins \$70m aircraft orders

SHORT BROTHERS, the aircraft manufacturer of Belfast, has won additional orders for 16 of its 38-seater type 380 airliners from three US customers worth in all more than \$70m, Michael Donne writes.

Royal Mint's profits decline by a third

BY ANDREW TAYLOR

OPERATING PROFITS at the Royal Mint fell by a third in the year to March 31 1986, compared with the previous 12 months, and were nearly 60 per cent down on the 1981-82 level, according to the mint's latest annual accounts.

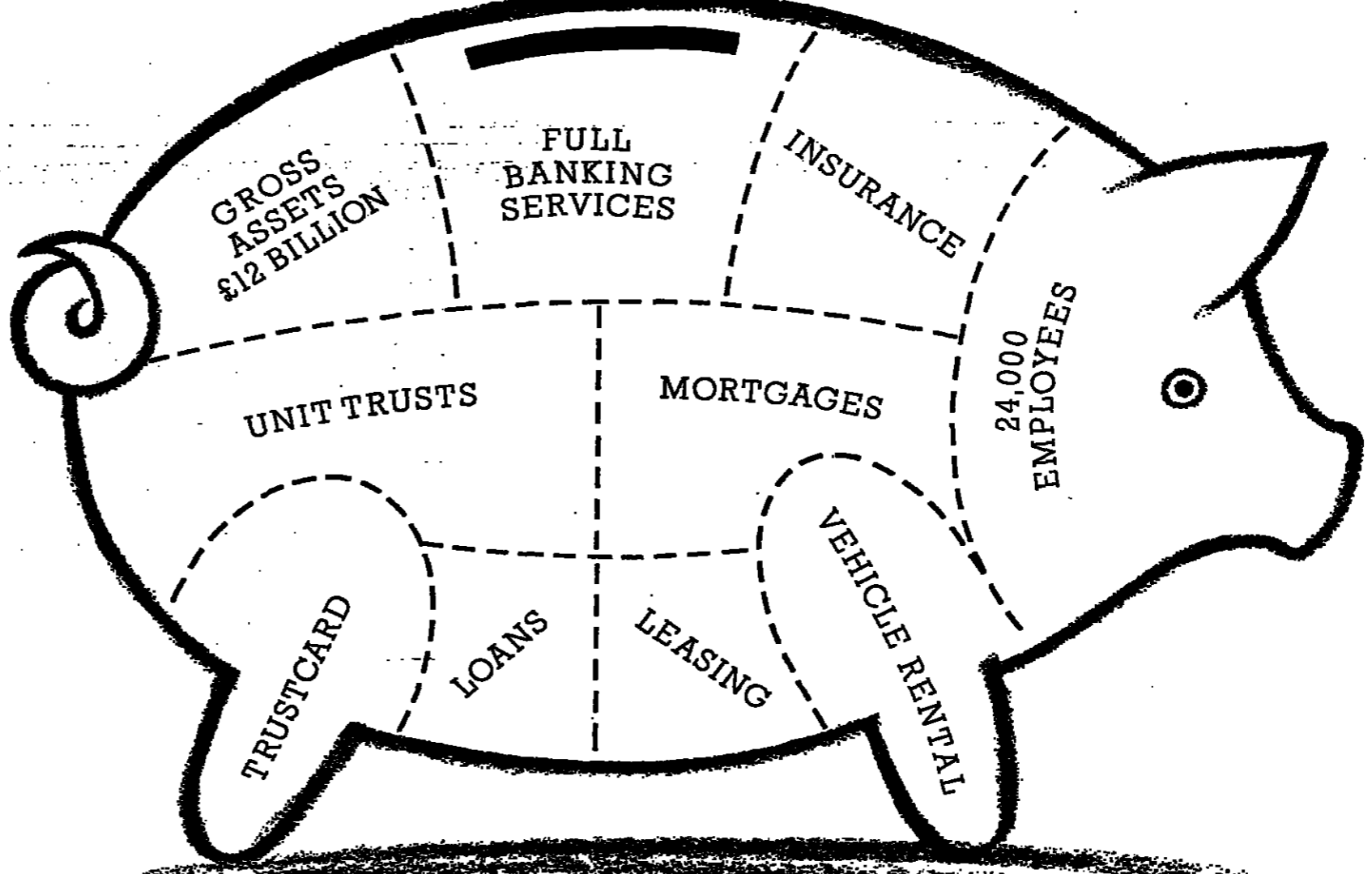
The mint, which operates on similar lines to a government-owned company, blames fierce competition in overseas markets for the decline in profits.

N-power project planned

By David Fishlock, Science Editor

A NUCLEAR power research and development programme costing tens of millions of pounds is being planned by the UK Atomic Energy Authority and British Nuclear Fuels (BNFL).

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UK NEWS

Vosper to make 304 redundant after lost orders

BY KEVIN BROWN, SHIPPING CORRESPONDENT

VOSPER Thornycroft, the privatised shipbuilding yard, yesterday announced plans to make 304 employees redundant because of its failure to win two important orders.

The redundancies follows the decision of the Ministry of Defence (MoD) to split a £345m order for three Type 23 frigates for the Royal Navy between the Swan Hunter yard, on the Tyne, North-East England, and Yarrow, on the Clyde, Scotland.

Vosper has also abandoned hopes of winning a £200m order for three Type 21 frigates for the Pakistan navy despite an earlier letter of intent from the Pakistan Government to order at least one of the ships.

The order fell through after Pakistan made clear that the detailed specifications for the ships would alter the design so much that it would bear little relation to the Type 21 vessels built by Vosper for the Royal Navy in the past.

The redundancies are the first big job losses since Vosper was bought from state-owned British Shipbuilders by a management consortium for £18m in 1985.

Most of the redundancies will fall on the Woolston yard, in Southamp-

Barry Riley looks at a proposed international accountancy merger

Global balance is the bottom line

AT THE SECOND attempt, Peat Marwick International and Klynveld Main Goerdeler have agreed to merge to form what will be by a large margin the world's biggest accountancy grouping, to be called Klynveld Peat Marwick Goerdeler (though national trading names may vary).

Arthur Andersen has recently been at the top of the global league table, with income of some \$1.6bn, but KPMG would have income of around \$2.7bn.

In September 1985 talks between the two firms in Amsterdam ended in failure because of an inability to cope with the complexities of merging groups with operations in many countries. Less than a year previously, the plan to merge by two other accountancy giants, Price Waterhouse and Deloitte Haskins & Sells, had been spectacularly thrown out by partners voting in key countries such as the US and the UK.

Over the past 12 months, however, Peat Marwick and KMG appear to have decided that the merger has become more attractive. Attitudes may have changed more decisively at KMG, which in June suffered the defection of its Canadian affiliate, Thorne Riddell.

It is admitted by KMG that partners of Thorne Riddell were disappointed by the breakdown of the original Peat Marwick talks and were prompted to begin their own

search for what they saw as a stronger parent organisation.

An additional blow was the partial defection in March of the Japanese affiliate Sanwa, which has merged with Tohmatsu Awoko, part of Touche Ross International.

KMG stresses that firms in Canada and other countries have been applying to join its international organisation. But it has nevertheless appeared to come under pressure, prompting merger approaches by several other of the international Big Eight.

Mr Paul Boschma, Dutch chairman of KMG, said on Wednesday that there had been regular contacts with Arthur Andersen during the past four months. But he added: "There is so much of a cultural difference between Arthur Andersen and ourselves that a merger could never have been possible."

Another persistent suitor has been Ernst & Whinney, the poscher of Thorne Riddell. E & W wrote a long letter to KMG and is thought to be upset that its proposals are not going to be formally put to KMG's partners. And within the past couple of days there have been last minute approaches from the chairman of Deloitte, Haskins & Sells.

In a sense, the agreement by KMG to a merger with Peat Marwick represents a failure of the original ambition of KMG's nine founding firms in 1979 to establish a giant international firm which was not dominated by its Anglo-Saxon constituents.

All the other major firms have UK or US origins, but the core of KMG was its continental European membership, including Kleinveid Kraayenboef in the Netherlands and Deutsche Treuhand in Germany.

These are national leaders, whereas the group's US affiliate, Main Hurdman, is small by the standards of the US Big Eight, and its UK firm, Thomson McLintock, ranks only at number 10 in the British accountancy league table.

Since 1979, KMG has developed successfully in many regards, picking up a total of 57 national firms around the world, but the weakness in the US has become an increasing problem.

As Mr Boschma put it: "We have seen the needs of our clients becoming much more international and we realised that we needed accelerated development and more balance in our worldwide coverage."

In contrast, KMG has become an increasingly attractive target for the international Big Eight, which tend to be underrepresented in Europe.

The logic of the proposed merger is therefore that it will create the only international firm which is properly balanced between the US and Europe, at a time when many European corporate clients are con-

Nationwide society to create network of estate agencies

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE NATIONWIDE building society is to develop, through acquisition, a national estate agency network with up to 350 offices. The move would make it the second largest UK estate agent and highlight the expansion of societies outside their traditional business areas.

The Nationwide - the UK's third largest building society - listed estate agency as one of several new services it intended to offer when the new Building Societies Act comes into force next year. The act will grant societies powers to engage in new activities and perform more banking-type services. The Nationwide is the first big society to detail its plans for the changes.

Mr Tim Melville-Ross, the chief general manager, said that other services would include cheque books and guarantee cards, direct debit and bill-paying through automatic teller machines, and unsecured lending. On the investment side, the Nationwide will offer the new personal equity plans (PEPs) proposed in the latest budget, pension plans and unit trusts. It will also provide insurance services.

The Nationwide will need the approval of its members to use these powers, and this will be sought at a special meeting on October 17. But

Mr Melville-Ross said that the society would not try to use them all immediately.

The Nationwide does not plan to become a public company with a stock exchange listing. Mr Melville-Ross said that the society's present mutual status was "beneficial to both the society as a whole and our members individually." The society would also not enter the conveyancing business so long as the legal profession provided the service efficiently.

The Nationwide has already reached a provisional agreement to buy 20 estate agencies with 290 offices and expects to reach 350 early next year. These include Donald Storrer & Co, Scotland's largest estate agents with 29 offices. Mr Donald Storrer, the firm's chairman, will head the Nationwide's estate agency business.

Mr Melville-Ross declined to disclose how much the Nationwide would spend on its agency network. But the investment would not affect the society's ability to make mortgages.

Earlier this year, Hambro Countrywide became the UK's largest estate agents when Hambros, the merchant banking group, merged with Bairdson Ever and Mann & Co to form a group with 388 offices.

BA forced to reroute Hong Kong service

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

DESPITE extensive advertising in the north of England, British Airways' newest long-haul route from Manchester to Hong Kong, via Munich, Dubai and Bangkok, has failed to attract enough business travellers to be continued in its present form.

Tourist and cargo bookings have been up to budget, but super club and first-class passengers have not provided the profits BA needs to make the twice-weekly route pay. The service started last November.

It is being discontinued from the end of October and replaced with one starting in Manchester but continuing through London, Bombay or Delhi and then on to Hong Kong.

Going via London will be seen in the north of England as a blow to Manchester airport's role as Britain's northern hub although BA is stressing that, because through travellers will not have to get off the aircraft, the stop will be no different from landing in Munich. It will also be using a Boeing 747 rather than a Tristar 300.

The critical sales point for the new service is that with one stop less, it will cut the present travelling time by 2 hours 15 minutes, eliminating what BA believes has been the major drawback of the existing route.

However, this will mean that northern English and Bavarian travellers will lose their direct routes to the Middle East and Bangkok. Munich-Bangkok had proved successful, a BA spokesman said, but travel through to Hong Kong would have been needed to keep it on.

The Manchester route was originally justified in terms of demand and BA's assertions that London Heathrow was full. Going via London does not square with this, and the BA spokesman was unable yesterday to explain how the London routing was now possible.

He stressed that timings - a 4pm start on Tuesdays and Saturdays to arrive in Hong Kong by 4.45pm local time the next day - would still provide a sensible connection with BA's scheduled Tristar service between New York and Manchester.

BA also thinks the new route will attract "ethnic" traffic from the north to India, though the more logical volume market here might rather be Manchester-Islamabad for the north's large Pakistani community.

AE car engine designed to cut exhaust fumes

BY JOHN GRIFFITHS

A NEW TYPE of combustion system which may meet Europe's planned car exhaust emissions standards without the need for catalytic converters under joint development by AE, the UK component maker fighting takeover approaches from Turner and Newall, and a US-based research company.

AE acknowledged that the system, which involves a radical piston design and induction changes, was still five years from commercial production, even if no snags were found in the course of further development.

But definitive tests to determine whether the standards can be met are already in progress. "Clearly, if these tests prove successful, the potential market is enormous," said Sir John Collyear, AE's chairman.

AE said that testing of a modified 1.6 litre Ford Escort engine at the Maryland laboratories of Sonex Research, AE's US partner, had already demonstrated reduction of hydrocarbons, carbon monoxide and nitrous oxides to below US federal CVSS and European ECE 1504 limits.

Similar testing is being carried out by AE at the UK's Motor Industry Research Association proving ground at Nuneaton, Warwickshire.

Sonex, a company formed by a group of ex-naval scientists, has been exploring the concept for about 10 years. It uses acoustic principles in tandem with chemical combustion technology, it is claimed, to scavenge and clean exhaust gases much more efficiently than in conventional engines.

AE sees a key element of the system being the fact that it should provide a "generic" solution to cleaning up exhaust pollutants. "Lean-burn" engines are being developed throughout the motor industry as complementary to expensive catalytic systems. The problem with them, however, is that each type of engine requires prolonged computer-based research to find a discrete "lean-burn" design that works.

The AE/Sonex system should be applicable to all engines, at a likely cost, said a spokesman, of around £25 a unit.

The company said the decision to disclose the system now had nothing to do with fortifying AE's image in the context of the hotly contested Turner and Newall bid.

"It really isn't relevant. It could equally strengthen the other party's resolve to pursue us."

Book piracy directive

BY RAYMOND SNOODY

THE BRITISH Government plans to issue a directive to its embassies around the world urging them to give priority to protection of Britain's information industries, such as publishing, from piracy.

The directive will be issued by the Foreign and Commonwealth Office but has been drawn up in conjunction with the Department of Trade and Industry.

The document has already been drafted, and it is expected to be sent to ambassadors in the relevant areas, particularly the Far East "imminently".

The directive follows lobbying by organisations such as the Publishers Association, which believes that British publishers could be losing as much as £100m a year from piracy, particularly of textbooks.

The DTI has been looking seriously for some time at ways of protecting all forms of "intellectual property" from piracy. Some heat has been generated in the argument following the visit of a delegation from the Publishers Association to Indonesia, where British textbooks are illegally pirated.

The delegation formed the view that the British embassy there did not appear to be giving the issue the kind of priority the US gave it.

Following the visit, the association wrote to the Foreign Office urging a more vigorous approach. The Foreign Office said yesterday a letter had been received but refused to discuss the contents.

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SECURITIES MARKETS

Philippines stocks come back to life

BY SAMUEL SENOREN IN MANILA

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Shareholders are aware that in the third quarter of the 1986 financial year underground production was adversely affected as a result of labour disturbances. Consequently a greater tonnage of lower grade surface material was treated in that quarter and the recovered grade declined to 4.0 g/t.

Higher underground production in the fourth quarter of the financial year together with a lower throughput of surface material resulted in an improvement in the recovered grade to 4.4 g/t. The quarterly report indicated that at 4.4 g/t the recovered grade was still below expectations.

Shareholders are advised that it is now expected that the recovered grade will be approximately 4.0 g/t for the current financial year. The decision to mine to a lower grade has been taken as a result of the recent significant increase in the gold price together with the planned implementation of trackless mining techniques, both of which allow lower grade ore to be mined profitably.

In the shorter term, while underground production recovers to the levels achieved prior to the labour disturbances and as trackless mining gradually replaces conventional mining in certain areas, a greater proportion of lower grade surface material will be treated. It is expected, nonetheless, that during this period the grade will be maintained at approximately 4.0 g/t.

Further details will be made available in the Chairman's Review that will be published at the end of September.
 Johannesburg, 4th September 1986

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THE PHILIPPINES' stock market has come back to life after nearly six depressed years during which a large number of brokers were driven out of business. The market is not as vibrant as it used to be but encouraging enough to keep the trading floors of the two stock exchanges busy for the three-hour daily session.

The Manila exchange is the older and accounts for the bulk of trading. The smaller Makati exchange is in the suburban financial district of Makati.

The beginning of the bullish trend is generally traced back to the fall in February of President Ferdinand Marcos whom most businessmen perceived as the obstacle to a recovery by the Philippines' ailing economy - and the subsequent rise to power of Mrs Corason Aquino. But Marcos was not entirely to blame for the near demise of the stock market. Its performance had been depressed since 1980 largely because of bad business conditions. The market outlook was made even bleaker when commodity prices started to slide.

Share prices hit the bottom in 1983 with the assassination of former Senator Benigno Aquino, the opposition leader and husband of Mrs Aquino. The killing precipitated a political crisis that culminated in Mr Marcos being ousted.

Several factors have fuelled the stock market's upturn. First, investment funds have been switched into the market following a drastic fall in interest rates on savings and time deposits. These rates had shot up in the preceding two years as the banks were forced to compete with high yields on government securities.

The Government had offered securities with annual yields as high as 40 per cent in order to draw in money from circulation, to comply with liquidity conditions imposed by the International Monetary Fund. Banks were obliged to raise interest rates to prevent depositors from withdrawing funds - a move which hurt a number of banks.

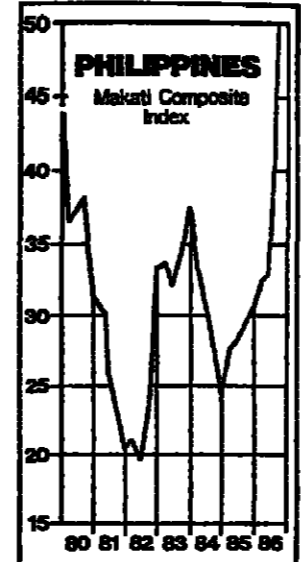
Second, the highly lucrative but illegal US dollar parallel market, where investors took refuge to cushion a fall in the value of the peso, has dried up. The peso has stabilised, in the process significantly reducing demand for dollars.

Third, the casinos which used to be another haven for investment funds, have been temporarily closed by the Government pending policy review towards legalised gambling.

However, the bullish trend has been selective, applying generally only to commercial and industrial Blue Chips. The mining and oil sectors have been largely left out simply because world prices remain depressed.

During the first half of this year total value of trading at the two exchanges jumped five-fold to 4.6bn pesos (\$294m) involving 6.5bn shares. In 1984, total value of shares traded was only 1.4bn pesos but involved a

A bullish trend has developed in the Philippines share market since the fall of President Marcos in February. The revival has been selective however, applying mainly to commercial and industrial Blue Chips. The mining and oil sectors have been largely left out because world prices remain depressed. The upturn also lacks a major element - sizable foreign investment.



The concentration of activity on a few issues, according to Mr Jaime Ongpin, the Finance Minister, has ceased to make the stock market an accurate barometer of the economy.

Overall, the bullish trend lacks a major element - sizable foreign investment.

In theory, a Government plan to swap equity in selected Philippine companies for part of its foreign commercial debt - established at about \$1.8bn out of total external debt of \$2.6bn - should spark a boom in the stock market.

But that cannot be expected until the Philippines offers a more liberal and attractive package to lure creditors and potential investors to take up such deals.

Foreign investors also need to be convinced that Mrs Aquino's Government will last long enough to restore political stability to the Philippines. Many foreign businessmen in Manila say they are still confused on what directions the Aquino Government is taking with regard to foreign capital.

Pronounced policy on foreign capital has been ambivalent at best. The absence of a permanent constitution which would spell policy on foreign investment is also seen as a major deterrent towards attracting capital.

Until the new constitution is approved by the people, possibly by the end of the year, no significant amount of foreign capital can be expected to find its way into the stock market.

Since the Government takeover three months ago, both have reported hefty increases in revenues and income during the first quarter which tended to strengthen suspicions that the former managers might have siphoned funds from the company to personal accounts abroad.

About a dozen other active issues come from the mining and oil sectors. All told, there are less than 30 issues which are still traded out of the more than 150 companies listed on the exchanges in 1984.

The mining sector, which used to be the most actively traded stocks until metal prices plunged, has not shown significant movement mainly because its disastrous financial performance during the past year.

In 1985, three large mining houses which used to be consistently profitable were among the top 10 losers listed by the Philippine Securities and Exchange Commission.

Atlas Consolidated lost 1.5bn pesos on sales of 2.6bn pesos. North Davao Mining was in the red by 1.3bn pesos, and Mar-copper Mining showed a net loss of 180m pesos.

The oil issues have also not moved; local oil exploration, active in the late 1970s, has ground to a halt, a victim of political instability during the latter part of the Marcos years and of falling crude prices.



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THE ARTS

Cinema/Ann Totterdell

Orion over Farnie/Albert Hall, Radio 3

Emotional confrontation in the underworld

Mona Lisa directed by Neil Jordan
Miracles directed by Jim Kouss
Jake Speed directed by Andrew Lane

The night sky is red, a car cruises searchingly through a tatty parade of fourth division whores... The night sky is red, a car cruises searchingly through a tatty parade of fourth division whores—the amateurs, the broken down, the addicts and the adolescents...



Cathy Tyson in a scene from Mona Lisa

street life and the coldly business-like corruptions it conceals. If the film doesn't have the power of a Taxi Driver it isn't because Neil Jordan (as an Irishman himself, an observer) has not applied his own moral vision to his story but because he has discovered the layers of the dark passions under the skin of the Soho I lived in for nine years — safe for outsiders, scruffy and prosaic, the uncomfortable aspects all hidden away behind shabby street doors.

before he decided to appear in Miracles. Once one of our most promising actors, he seems to have forgotten that growth—Bob Hoskins and Michael Caine prove this week—is possible before and after success. With passing similarities to his first romantic comedy American Dreamer, Miracles teams him with Peri Gilpin as a newly divorcing couple who through a chain of outrageous coincidences are kidnapped by Mexican revolutionaries and catapulted into a series of lunatic adventures in which they are stranded in a desert, thrown into jail, lost at sea and washed up in a South American forest.

There is more frenetic and pointless racing around in Jake Speed, a comedy adventure which makes the sadly not fatal mistake of parodying what were parodies to start with—Indiana Jones and Romancing the Stone. This temple of doom has hero Jake (Wayne Crawford) and his sidekick Des (Dennis Christopher) inviting adventures and trying to write them up as bestselling paperbacks, then discussing which tactics will "read" best and acting accordingly. Presumably lucky enough to have an undemanding publisher and public, the plot involves a white slave kidnapping which leads to Africa, with the victim's sister (Karen Kopins) along to provide glamour and a love interest. Not only a one joke film but practically a one incident film too, the action is painfully slow, mostly consisting of explosions and flying bodies. The film is written by a stylised performance by John Hurt as an oily villain of the old school.

Lust for life: Hollywood biographies

Unreservedly. Fluctuating between glorified scandal-sheets and tittle-tattle from Tinseltown, most movie biographies never reach great psychological or historical heights. But they respond to an avid need in film lovers: to know exactly, with each great star gathered on that Farnsworth called Hollywood, who the man is and where the (or woman) meet and where they part company.

of being above it all were a perfect foil to everyone else. Rock Hudson: His Story is written by Sara Davidson with a handful of verbatim confessions from Rock himself whom she appears to have interviewed on only one near-to-death occasion. Many former friends, colleagues and lovers chime in, while the movie is painstakingly chronicled, vouchsafing on the way that Hudson revealed his disease to the world only under great pressure from friends and not willingly at all.

slept with, even in the Gossip according to Laurence Leamer, was Sam Goldwyn. Michael Freedland's The Golden Touch gives us a portrait of a man who runs through the mogul's life, career and Goldwynisms. The last, as always, steal the show. "When I want your opinion, I'll give it to you," my autobiography should be written after I'm dead; and my personal favourite, Goldwyn's reply to someone who thought that the script for Dodsworth was too caustic: "To hell with the cost; we're going ahead."

REVISED NOTICE OF REDEMPTION To the Holders of Exxon Finance N.V. 11% Guaranteed Notes Due October 1, 1987. NOTICE IS HEREBY GIVEN to the holders of 11% Guaranteed Notes due October 1, 1987...

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Continued from Page 18. the Prado collection includes works not seen for 15-20 years as well as recent acquisitions. The Prado collection includes works not seen for 15-20 years as well as recent acquisitions. The Prado collection includes works not seen for 15-20 years as well as recent acquisitions.

Andrew Clements. John Casken was one of the featured composers at the most recent Musica Nova week in Glasgow in 1984. Among the new scores introduced during the festival was his Orion over Farnie, written for the Scottish National Orchestra, and it was appropriately given its first London performance by them, lucidly conducted by Matthias Bamert, as the beginning of Wednesday night's Prom.



Michael Coveney

Reports from Scarborough last year, including Martin Hoyle's on this page, suggested that Alan Ayckbourn's latest play was no water-treading masterpiece. So it is a new production by the author in the West End: a biffous, raw, strange and surreal account of a married woman's life in a flat. The opening scene is a family counterpoint after she has knocked herself out on the garden rake.

The Marriage of Figaro/Coliseum

Jonathan Miller's English National Opera production of Figaro, given many times since its first appearance in 1978, returned on Wednesday night for another round of performances. This has always seemed to me the weakest of Miller's ENO stagings, the one on which his characteristic trademark of intelligence, originality, and insight failed to be stamped; but on this occasion it came, at long last, into some degree of focus.

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IT OCCURRED to me to write a letter about what is happening in London at the beginning of September. The short response is that nothing much has changed.

The interesting question, however, is why everything is so quiet; almost eerily so.

If you have been abroad for part of the summer—in France or West Germany, for instance—you can hardly have failed to notice the contrast on your return.

I went briefly to Cologne, a city that I know reasonably well and which has been rebuilt several times since the war.

Foreign visitors to, and admirers of, Britain are too kind to us. What they see as stability might be better described as complacency.

Two typically British stories struck me when I came back. The first was about the introduction of visas for people from some African and Asian countries wishing to visit Britain.

It is the debt crisis rather than the expansionist ambitions of Merrill Lynch or Salomon Brothers which caused the

Politics Today

It could be the calm before a storm

By Malcolm Rutherford

very difficult to get rid of. It looks enormously like discrimination, and one cannot say with confidence that the British Government minds that impression.

The other was about the successor to Mr Stuart Young, who died last week, as chairman of the BBC. There is a lot of humming about this.

The Prime Minister is leaning heavily towards Lord King of British Airways. Perhaps he would turn out to be an admirably independent figure.

On the civil nuclear side there is confusion all round. It is fair, after Chernobyl, it is not confined to Britain, nor to any particular party.

Unemployment has continued to rise, though so far without the expected political eruption. Perhaps that will come at the party conferences with the realisation that we may be going into another winter with the figure still rising.



Mr Neil Kinnock (right) receives a standing ovation, led by Mr Fred Jarvis, general secretary of the National Union of Teachers, at the TUC Congress, Brighton.

For my part, I have never seen why it is impossible to be both green and pro-nuclear energy; conserving the best of the old while pressing ahead with the best of the new.

But, you will say, it will all depend on the economy. Politics always does. Here there is not much enlightenment since the Conservative Party.

On the other fact was the performance of Mr Neil Kinnock, the Labour Party leader. Last year he took on the extreme left at the Labour conference in Bournemouth and more or less won.

Though sceptics may dismiss this, there was something else about Mr Kinnock that impressed. It was his realisation of the scale of the task facing any British Government that wants to turn Britain round and catch up with the French and the Germans, or at least stop falling behind.

Mrs Thatcher knew in 1979. She has every reason to know it still, though after seven years her achievements look limited.

Can he make it? The odds must be against him. Under his leadership, Labour's support in the opinion polls has never risen significantly above 40 per cent.

Besides, for all the banana skins of recent years, Tory support in the polls has never slipped much below 30 per cent.

Yet there is just one other way of looking at it. All the economic logic dictates postponing the election until 1988 when unemployment may at last have begun to fall and there could have been two more rounds of tax cuts.

Either way, however, do not expect miracles. The most astonishing fact is that Britain seems to have accepted its decline with such grace. Or is it the calm before a storm?

Lombard

Securitisation is a five-letter word

By Anthony Harris

THIS WEEK the British Government almost casually raised \$4bn with an issue of floating-rate notes in the Euromarket, on the finest possible terms—which is not, of course, the first time the reserves have been replenished from this source.

A pendant footnote? That may be what the banks would like you to think; but as Tim Congdon of Messels illustrates in a circular this week, this growing tendency to raise money direct from investors—securitisation is the current Americanism for it—is not just a matter of fashion.

Credit flows, both in the Euro-market and in the American domestic market, for that matter, are by-passing the banks because the banks are increasingly unable to compete.

What they really offer, as Congdon is perhaps too kind-hearted to point out, is reputation. A bank deposit or a bank guarantee or acceptance used to be worth something in hard cash—as it still is in London.

It was the debt crisis rather than the expansionist ambitions of Merrill Lynch or Salomon Brothers which caused the

change. Because of bad debt worries, the banks have been required to find more capital to back any given volume of business, and for the same reason their market rating has suffered.

At the same time the fierce competition for any decently high-quality business has reduced the spread between the cost of funds and the return on loans, so that the gross return has gone down as the cost has gone up.

The change has certainly been dramatic. In the US there has been virtually no growth in commercial bank lending for well over two years.

Not in the British credit market, though. The UK banks are entitled to feel a little complacent about the fact that despite all the trammals of recent years, their standing is still such that they will not doubt be a sharp market growth has dropped to about 8 per cent annually—and most of this is unpaid interest.

How long will it last, though? Barclays Bank has already voluntarily gone ex-growth, and as the banks learn new market-making skills they may find that issuing paper yields fee income, ties up less capital, and means less exposure.

But a voluntary withdrawal from some areas, long before debt worries force a withdrawal, might be more creditable still. Rightfully British, too.

Employees and takeovers

From Mr J. McMullen

Sir—You rightly identify the lack of rights of British employees in business takeovers (editorial September 2) and bemoan the absence of statutory rights to consultation such as exist in Holland and Sweden.

The UK Government was slow to implement (by the Transfer of Undertakings Regulations 1981) the 1977 EEC Directive on safeguarding employees' rights. Consultation—not its more sanguine relation, negotiation—is required with unions recognised for collective bargaining over the transfer of a business as a going concern.

Amendment to the regulations, and enforcement of directors' duties, now in section 309 of the Companies Act 1985, consider the interests of employees, could overcome some of the inhumanity caused by the lack of employees' rights in the current climate.

Light rail systems

From the Director, Railway Industry Association

Sir—The London docklands redevelopment is one of the most exciting and encouraging projects being undertaken in Britain today.

Mr Cliff Bennett (August 21) attributes some of the success of the docklands redevelopment to the new light railway system which forms an integral part of the project.

Letters to the Editor

total area planted by private investor and the Forestry Commission has increased over the last few years the level of new planting is still significantly short of this objective.

Contingency fee injustice

Foresty investment consultation

Valuable role of local enterprise

SDP tax reforms

From Dr F. Valentini

Sir—To add to the points raised by Mr M. R. Daniels (August 30) concerning the effect of the SDP's proposals on occupational pensioners there would be the same 31 per cent increase in tax on those over 65/60 (and hence paying no NI contributions) who for one reason or another, perhaps necessity, continue working.

Boards — WYEB is active

throughout the Yorkshire and Humberside regions—does not involve taking over powers and responsibilities from central government departments.

Bloodhounds on the wrong scent

From Mr J. Griffiths

Valuable role of local enterprise

SDP tax reforms

From Dr F. Valentini

Sir—To add to the points raised by Mr M. R. Daniels (August 30) concerning the effect of the SDP's proposals on occupational pensioners there would be the same 31 per cent increase in tax on those over 65/60 (and hence paying no NI contributions) who for one reason or another, perhaps necessity, continue working.

Continued growth from a British manufacturing company

The results for the half year are a new record, continuing the progress which the Group has achieved in recent years.

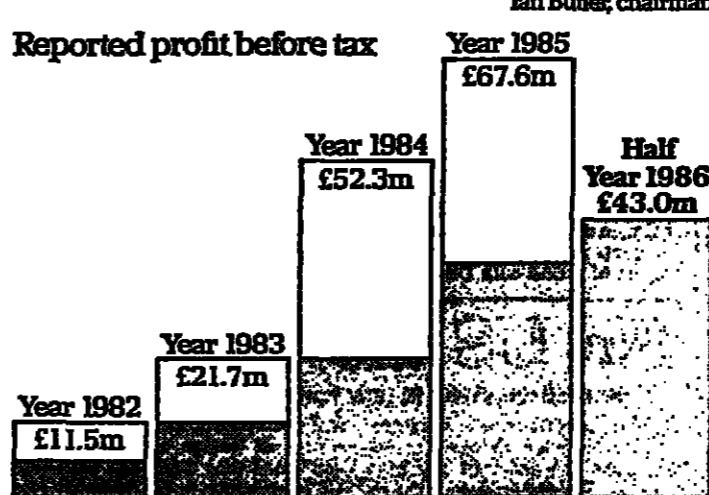


Table with 4 columns: Item, Half Year 1986, Half Year 1985, Year 1985. Rows include Turnover, Operating profit before interest, Profit before tax, Profit after tax and minorities, Earnings after tax per ordinary share, Dividends per ordinary share.

Cookson

Manufacturers of specialist industrial materials

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Copies of the interim report can be obtained from the company secretary at the above address.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday September 5 1986

HENRY BUTCHER
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Chrysler lifts annual payout for second time

BY WILLIAM HALL IN NEW YORK

CHRYSLER, the third biggest US car manufacturer, yesterday underlined its rapidly recovering financial fortunes by increasing its common stock dividend by 48 per cent to an annual rate of \$1.60 a share. The 40 per cent dividend increase comes on top of a 50 per cent increase earlier this year when a 25 cent share quarterly dividend was paid following the three-for-two stock split. The group will now pay a 35 cents a share quarterly dividend on October 15 to shareholders of record on September 15. Chrysler shares rose 5% to \$39 1/4 in early trading yesterday.

Mr Lee Iacocca, Chrysler's chairman, says that the increase reflects "the confidence we have in our ongoing profitability, and our continued optimism about the future of the business we're in."

He said Chrysler, which was on the brink of bankruptcy when he took over in November 1978, was strong enough to increase the dividend and still continue its "ambitious capital spending programmes which are designed to keep us the high-tech leader in the automotive and corporate aircraft businesses."

Chrysler has a five-year \$12.5bn capital-spending plan in place. Chrysler's dividend increase comes despite a 23.5 per cent fall in the group's first-half net earnings to \$945.1m, or \$5.64 a share.

CGM plan for merger blocked by Paris

By Paul Betts in Paris

THE FRENCH Government yesterday blocked the proposed merger between Compagnie Générale Maritime (CGM), the state shipping group, and Chargeurs Reunis, the loss-making cargo and container subsidiary of Chargeurs, the private transport and communications concern.

The Government said the merger involved too many risks for CGM at a time when the state shipping group was in the middle of a major restructuring programme.

CGM agreed to take over Chargeurs Reunis last August for a symbolic franc. The merger was designed to rationalise and strengthen France's position in the fiercely competitive shipping business by giving CGM, which concentrates on the north Atlantic and the Pacific, the chance to cover the world.

While acknowledging the possible merits of the merger, the Government, which recently injected FF700m (\$105m) in capital grants to CGM, felt that the state group was not in a position to take on the additional risks of absorbing the troubled Chargeurs Reunis shipping business.

Royal Bank of Canada hit by energy sector

BY ROBERT GIBBENS IN MONTREAL

THE ROYAL Bank of Canada reports sharply lower third-quarter earnings due to continuing problems in the energy sector and adverse results from underwriting and securities trading. These were only partly offset by strong domestic retail business and higher non-interest income.

However, for the first nine months of fiscal 1986, Canada's largest chartered bank's net profit was still up 6 per cent from a year earlier.

Net income for the third quarter ending July 31 was C\$112m (US\$60.8m), down 14 per cent from a year earlier and equal to 80 cents a share against C\$1.14.

Average shares outstanding were 102.2m against 98.1m. Return on average assets was 0.45 per cent, down from 0.55 per cent a year earlier.

For the first nine months net profit was C\$377m, or C\$3.16 a share, against C\$356m, or C\$3.12 a share, a year earlier. The return on average assets was unchanged at 0.52 per cent.

In the third quarter return on assets from international operations fell to 0.22 per cent from 0.54 per cent a year earlier.

Total assets at July 31 were C\$88.2m, up from C\$81.7m a year earlier due to strong growth in personal lending and mortgages.

Non-accrual loans, less loss provisions, totalled C\$2.7m at July 31, up C\$800m during the third quarter because of energy sector problems.

The bank said it was holding restructuring talks with several borrowers. It estimates fiscal 1986 loan losses equal to C\$950m, up almost 40 per cent from fiscal 1985.

The bank warns that further loan losses could occur because of prevailing low oil prices.

Capital position at July 31 was C\$8.6m, up C\$350m during the third quarter.

Canadian Imperial Bank of Commerce reports lower earnings in the third quarter and first nine months

Du Pont income boosts Seagram

By Our Montreal Correspondent

SEAGRAM, the Canadian drinks group, has reported higher overall profits for the second quarter and first half of fiscal 1987, due mainly to dividend income and higher unremitted earnings from Du Pont of the US.

Though Seagram's spirits and wine sales were higher in both periods, operating income declined because of slack US demand for liquor products and heavy investment in cooler products. These factors were only partially offset by an improved international performance.

First-half sales were US\$1.4bn against US\$1.2bn a year earlier. But operating income was US\$87.6m against US\$96m. After-tax income from wines and spirits was US\$35.7m against US\$41.6m.

Seagram reported overall half-year net income of US\$218.7m or US\$2.27 a share against US\$128.6m, or US\$1.41 a year earlier. This included US\$71m in dividends from Du Pont, unchanged from a year earlier, and the group's US\$100m share of Du Pont's unremitted earnings against US\$216.7m a year earlier.

Second-quarter liquor sales were US\$78m, against US\$68.5m, and operating income totalled US\$47.8m against US\$49.4m. Final net income including the Du Pont contributions was US\$116.7m, or US\$1.23 a share, against US\$85.1m, or 83 cents a year earlier.

IBM sparks computer battle

BY LOUISE KEHOE IN SAN FRANCISCO

US PERSONAL computer makers have acted to fire back at IBM with a flurry of new product announcements that match or better IBM's new XT Model 286, introduced on Tuesday.

Compaq Computer, Sperry and Digital Equipment (DEC) all announced new systems to compete with the new IBM personal computer signalling a new round of intense competition in the US personal computer market.

Compaq Computer, the leading US IBM compatible personal computer maker, introduced a new version of its Deskpro 286 with features that mirror those of the IBM XT Model 286: a 20 megabyte hard disk drive, a 12 megabyte floppy drive and 640 kilobytes of main memory. Like the IBM XT 286, the new Compaq machine is powered by the Intel 286 microprocessor and matches IBM's \$4,600 price tag.

Compaq also announced that it has reduced the price of its Deskpro 286 model 1, which has only 256k internal memory and no hard disk drive, to \$2,999 from \$3,999.

Sperry's MicroIT also uses Intel's 286 microprocessor as its "brain" but runs the micro at a faster speed to achieve higher performance. Sperry is expected to sell its personal computers chiefly through its direct sales force while Compaq sells through retail dealers. IBM does both.

The Sperry MicroIT will sell for \$3,500 for a version with 512k memory and a 20 megabyte hard drive. A floppy disk drive is not included as in the IBM and Compaq systems, so prices are comparable.

Digital Equipment's latest effort to penetrate the personal computer market comes in the form of a similar \$4,045 IBM compatible machine which it calls VAXmate. DEC is aiming its personal computer at its existing minicomputer customers. The VAXmate incorporates communications capabilities that easily link it to DEC computers and to local area networks.

Trump buys stake in Holiday Corp

BY OUR FINANCIAL STAFF

MR DONALD TRUMP, the New York property developer best known for creating architecturally innovative buildings named after himself, has acquired a stake of between 2 and 5 per cent in Holiday Corporation, the world's largest hotel network known formerly as Holiday Inns.

Holiday said yesterday it had been advised that the shares had been bought for investment purposes.

At Wednesday's closing market price of \$63 1/4, a 5 per cent stake would have cost Mr Trump about \$74.6m. By lunchtime yesterday the shares had risen 1 1/4 to \$64 1/4.

However, there is considerable divergence of opinion over Mr Trump's intentions. Some analysts believe Mr Trump may wish to turn Holiday from a moderately priced to a premium chain, while others noted Mr Trump has previously taken shares in public companies as an investment.

Dutch insurer in US move

NATIONALE NEDERLANDEN, the Dutch insurance group, said its US subsidiary, Georgia US, had reached initial agreement to buy nearly all the issued share capital of Associated Doctors Health and Life Insurance, Reston reports.

Associated Doctors made net profits of \$4.4m, with a premium income of \$28m, and assets of \$40m.

Shareholders of Associated Doctors approved the bid, a Nationale Nederlanden spokesman said.

Exxon applies for Tokyo share listing

BY OUR NEW YORK STAFF

EXXON, the world's biggest oil company, has applied to list its shares on the Tokyo stock exchange and expects the listing to take place before the end of the year. It will be the first foreign oil company to have its shares listed on the Tokyo stock exchange.

Exxon's decision to list its shares in Japan comes three months after the giant oil company listed its shares on the London Stock Exchange. Yesterday's news helped boost the shares to a new peak of \$70 1/4 in early trading.

Listing on the Tokyo exchange will, the company believes, broaden the market for its shares and facilitate access to the rapidly expanding Japanese capital market, which is the second largest in the world. Exxon's management plans to make presentations to the Tokyo investment community in mid-October.

Nikko Securities is sponsoring Exxon's application. Exxon, which is valued at \$51bn on Wall Street, is the second most heavily capitalised US stock after IBM, which is capitalised at \$84bn. General Motors, another traditional pillar of the US business community, is capitalised at \$22bn.

Exxon's shares are already listed on a dozen European stock exchanges.

Sekisui House earnings rise 13.6%

By Yoko Shibata in Tokyo

SEKISUI HOUSE, Japan's largest housing contractor, has announced a 13.6 per cent gain in pre-tax profits in the half year to July to Y10.3bn (\$66.8m). The increase was attributed to the strong improvement in the balance of financial items. This more than offset a 4.3 per cent fall in operating profits resulting from lower sales of detached single-family houses and other property.

Half-year turnover moved ahead by 6 per cent to Y246.3bn, thanks to brisk demand for condominiums and commercial buildings. The interim dividend was unchanged at Y7.5 a share.

Genstar

AN ARTICLE in yesterday's Financial Times on Societe Generale de Belgique referred to the successful sale of Genstar to CBR, the Belgian cement manufacturer. This referred simply to Genstar Cement Industries, the parent company, Genstar, having been bought earlier in the year by Imasco.

NEW ISSUE September, 1986

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September 5, 1986

INTERNATIONAL APPOINTMENTS

GE shuffle brings change at financial services top

BY OUR FINANCIAL STAFF

GENERAL ELECTRIC Company, the diversified Connecticut high technology concern, has taken forward its reshuffling of executives by appointing Mr Gary C. Wendt president and chief operating officer of its GE Financial Services.

Mr Wendt succeeds as president Mr Robert C. Wright, who was last week elected president and chief executive of GE's National Broadcasting Company subsidiary.

Mr Wendt moves from being executive vice president of General Electric Credit Corporation. He was also president and chief executive of GE Credit, the main subsidiary of GE Financial, the holding company that includes 80 per cent of Kidder, Peabody and Co, the Wall Street investment house, and Employers Reinsurance Corporation, of Kansas.

Mr Wendt does not, even so, succeed Mr Wright as chief executive of GE Financial. Mr Lawrence A. Bossidy, a GE vice chairman, has been

appointed chairman and chief executive of this offshoot, taking over the top responsibility for financial services from Mr John F. Welch Jr, the GE chairman.

Mr Welch remains a director of GE Financial, but has turned his concentration to NBC of which he has become chairman.

Mr Wendt reports AP-DJ, has been thought of as a possible successor to Mr Wright.

Mr Michael A. Carpenter, 59, has at the same time, been appointed executive vice president of GE Credit, in charge of corporate finance, commercial asset financing, commercial real estate and mortgage insurance.

GE has also appointed Mr James H. Ozanne, currently a senior vice president of GE Credit, to be executive vice president of GE Credit in charge of distribution sales financing and transportation and industrial financing.

© KIDDER, PEABODY & CO, the subsidiary of GE, has elected Mr Dennis J. Friedman,

a 42-year-old lawyer, a vice president in the mergers and acquisition department, from October 1.

Mr Friedman is the fifth new vice president in the department this year and the third since GE acquired 80 per cent of the concern in June. There are now 12 senior partners, or vice presidents, in the 35 strong department.

Mr Friedman leaves a 17-year career at Shearman and Sterling the New York law firm, at which he had been a partner since 1977.

At Shearman and Sterling, Mr Friedman was involved in three major takeovers this year. In one he represented Fruehauf Corporation, the truck trailer and vehicle parts company of Michigan, in a five-month defence against a hostile takeover effort. Fruehauf in the end accepted a leveraged buyout bid from Fruehauf management and Merrill Lynch and Co, the biggest Wall Street investment house.

Donaldson Lufkin elects new head

DONALDSON LUFKIN and Jenrette, the Wall Street brokerage house, has appointed Mr John S. Chalsty as president and chief executive, in succession to Mr John K. Castle.

Mr Chalsty comes from the chairmanship of Donaldson Lufkin's capital markets group.

Mr Castle has resigned to establish a firm offering specialised private equity investments.

Donaldson Lufkin is a subsidiary of the Equitable Life Assurance Society of the US with total assets of some \$12bn.

Mr Chalsty, 53, joined Donaldson Lufkin in 1980 as an oil analyst. In 1982 he was appointed director of Research and in 1979 he became head of Donaldson Lufkin's investment banking division. He took up the post of chairman of the capital markets group in 1984.

Mr Castle, who had been with Donaldson Lufkin for 21 years, headed the company's venture capital and investment-banking areas before taking the positions of president and chief operating officer in 1978. He was elected chief executive in January 1985.

Jim Walter senior move

MR KENNETH E. HYATT has been elected chief operating officer of Jim Walter Corporation, the Florida-based maker of building materials, with interests in homebuilding and financing, natural resources and manufacturing.

Mr Hyatt, 46, has been with Jim Walter since 1966, most recently with responsibility for divisions, including coal mining, coke, chemicals, stone products, aluminium, precision tooling and cast iron operations.

President for Lauritzen

By Our Financial Staff
J. LAURITZEN, the Copenhagen shipping concern, has appointed Mr Peter Weismeyer, aged 59, as president.

Mr Weismeyer had been with A. P. Moeller, the leading Danish shipping group since 1968.

Top men leave Hiram Walker

BY BERNARD SIMON IN TORONTO

TWO TOP officials of Hiram Walker Resources, who led the Canadian distiller and energy company's unsuccessful resistance against a takeover by Gulf Canada earlier this year are to resign at the end of the month.

The departure of Mr Alfred Downing and Mr Archibald McCallum, Hiram's chief executive and chief financial officers respectively, will consolidate the hold of Gulf and its controlling shareholders, Toronto's Reichmann family, over Hiram. Fourteen Hiram directors were replaced by ten Gulf nominees shortly after Gulf gained control of Hiram in April after a fierce month-long takeover battle.

Downing and Mr McCallum, the management of Hiram Walker will be firmly in the hands of two of the Reichmanns' closest lieutenants, Mr Marshall (Mickey) Cohen and Mr Gilbert Newman.

Mr Cohen, 51, who will shortly become chairman and chief executive of Gulf Canada, was earlier appointed president of Hiram Walker. Mr Newman, 64, executive vice-president of Olympia and York Developments, the Reichmanns' real estate arm, holds the same position at Hiram.

Mr Downing and Mr McCallum have not been available for comment on their resignations. Like other members of Hiram's previous management, they have kept a low profile since the Reichmanns started their takeover bid last March.

Shortly after the takeover battle began, Hiram's board approved "golden parachutes" for eight senior officers of the company, including three years' salary and other benefits. Mr Downing's cash remuneration totalled C\$524,000 last year.

Conrail international sales post

CONSOLIDATED RAIL Corporation of Philadelphia has appointed Mr Donald E. Larson managing director for international sales, with responsibility for business development in Europe.

Mr Larson is to meet regularly in Europe with executives of

ports, industries, shipping companies and other concerns with a view to establishing what transport services Conrail can best provide for them in the US.

Mr Larson was previously vice president and general manager, export sales for Consolidation Coal Company.

The Fourth Professional Personal Computer Conference
London
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The 1986 meeting will explore the rapid changes taking place in the market for professional personal computers; the position of the market; into two significant segments - low-cost, stand-alone machines and more sophisticated systems linking together multi-user computers by high speed networks.

The authoritative panel of industry leaders will consider the new challenges and opportunities these changes present for manufacturers and system builders.

Speakers taking part include:

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- Mr Robert T Farley Enterprise Information Systems Inc
- Mr Robert Tharion FairWebber Inc
- Mr Eleanore M Ploig C Olivetti & C SpA
- Mrs Brigitte Moral Intelligent Electronics Europe
- Mr Roger Foster Aptix Computers plc
- Mr Sam Wiegand GED Systems Corporation
- Mr Jon Shirley Microsoft Corporation
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NOTICE OF INTERIM DIVIDEND

The Executive Board announces that, with the approval of the Supervisory Board, an interim dividend of Dfls. 1.30 per Dfls. 5.00 ordinary share will be paid for the financial year 1986.

For holders of ordinary shares, coupon number 12 of their securities will be payable at the payment offices of the banks mentioned below with effect from 24th September 1986:

- Amsterdam-Rotterdam Bank N.V.,
- Algemene Bank Nederland N.V.,
- Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.,
- Nederlandsche Middenstandsbank N.V.,
- Pierson, Holding & Pierson N.V.,
- Bank Mees & Hope N.V.

For each Dfls. 5.00 ordinary share the interim dividend of Dfls. 1.30 will be payable on the above-mentioned coupon, less 25% dividend tax.

Copies of the report for the first six months of 1986, published on 28th August 1986, are available at the offices of the banks mentioned below and the undersigned.

AEGON nv
The Executive Board
28th August 1986

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Net asset value as of 1st September, 1986
per Cr\$ Share: 36,704
U.S.\$24,486.29
per Depositary Share: U.S.\$22,983.19
per Depositary Share: U.S.\$19,567.45
per Depositary Share: U.S.\$18,288.15

This announcement appears as a matter of record only

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Merloni Igienico Sanitari

ECU 45,000,000

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Adviser to the Borrowers
GEA Milan

AGENT
PRIVATbanken Limited

May 1986

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ARISTON

Merloni Elettrodomestici

Merloni Igienico Sanitari

ECU 45,000,000

Multicurrency Exchange Rate Guarantee Agreement

Arranged by

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Adviser to the Companies

GEA Milan

July 1986

INTERNATIONAL COMPANIES and FINANCE

David Lascelles on the Japanese firm's international ambitions
Nomura banks on taking the lead

IT COULD hardly look less like a bank at the moment: bare flooring, a few wires sticking out of sockets, and a strong smell of paint. But the fifth floor of Nomura's offices beside the Monument in the City of London will house one of the more challenging entrants into international banking.



Andreas Prindl: expecting to dominate the business

bankers, and they fear Nomura will be even worse. Not surprisingly, Mr Prindl denies that NIF will undercut prices to buy market shares.

GMAC to offer bonds backed by car loans

GENERAL MOTORS Acceptance Corporation (GMAC), the financing arm of General Motors, is to launch next week the first Eurobond issue backed by car loans.

Anglia Building Society launches £150m floater

BY CLARE PEARSON

ANGLIA BUILDING SOCIETY borrowed £150m in the floating-rate market yesterday. The deal came in the wake of a crop of issues for other UK building societies.

Dow Chemical sells 9.4% stake in Rorer

BY WILLIAM HALL IN NEW YORK

DOW CHEMICAL, the US chemical major, has sold its 9.4 per cent stake in Rorer, the Pennsylvania-based pharmaceutical group, to an unidentified investor.

Amgold earnings benefit from weakness in the rand

BY JIM JONES IN JOHANNESBURG

AMGOLD, the gold investment arm of Anglo American Corporation, increased its interim profit to R168.5m (\$71.7m) in the six months to the end of August, 1986, from R146.9m for the financial year to February, 1986.

Credit Suisse ponders what to advise on Dome

By John Wides in Zurich

CREDIT SUISSE, the lead manager for three Swiss franc issues by Dome Petroleum, is considering whether to advise investors to accept the hard-pressed Canadian company's request for a waiver of interest payments and capital redemption until the end of next February.

The Chase Manhattan Corporation (Incorporated in the State of Delaware) U.S. \$250,000,000 Floating Rate Notes Due 1991. List of international companies including Chase Investment Bank, BankAmerica Capital Markets Group, Banque Indosuez, etc.

Exxon seeks listing on Tokyo exchange

EXXON, the world's biggest oil company, has applied to list its shares on the Tokyo Stock Exchange and expects to take place before the end of the year.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on September 4

Table with columns for Bond Name, Issued, Maturity, Coupon, Yield, and Price. Includes sections for US DOLLAR STRAIGHTS, OTHER STRAIGHTS, and FLOATING RATE.

CITIC plans first investment bank in China

THE STATE-OWNED China International Trust and Investment Corporation, CITIC, plans to upgrade its banking department into China's first investment bank.

Chase Investment Bank logo and name.

Handwritten signature or note at the bottom of the page.

FINANCIAL TIMES SURVEY

Friday September 5 1986

HUBEI

湖北

China's fertile heartland

Hubei's importance in the national economy is being increasingly recognised but its development depends heavily on better communications and joint foreign ventures

A fortunate province

WUHAN, the capital of Hubei province, and one of the most important cities in central China, is often talked of as a city that has been fortunate in unfortunate times. As current provincial leaders strive to modernise one of the country's most powerful agricultural and industrial machines, so they appear confident they can demonstrate that times change.

The Jiangnan plain, which straddles the Yangtze river in the heart of the province, is among the most fertile in China. Its prolific red soil grows 20 per cent of the country's cotton, and provides the foundation for a substantial textile industry centred around the city of Shashi. Hubei is also the fifth most important supplier of grain nationwide.

The lakes strewn across the south of the province—some of them more like inland seas—sustain about 200,000 fish farmers, and make Hubei China's third most important source of aquatic products— even supplying Hong Kong on a significant scale.

The big Gezhouba dam in the far west of the province, which straddles the Yangtze river as it rushes down through the famous Three Gorges from Sichuan, makes Hubei one of China's most important sources of hydro-electric power, supplying surrounding provinces, and even Shanghai 1,800 km away.

Gezhouba, which will have an installed capacity of over

2,700 MW when complete, is likely to pale into insignificance if the Sanku—or "Three Gorges"—dam is ever built 40 km further upriver. This project, controversial because it would displace over half a million farmers and significantly disrupt the ecology over hundreds of miles of the upper Yangtze, would have a capacity of over 12,000 MW. Linked with it are plans for a further 12 dams which together with

By David Dodwell

Sanku would have about 40,000 MW of generating power.

Also underpinning Hubei's importance in the national economy—with its population of 49.3m making it the ninth most populous in China—are one of China's largest motor industry bases, centred on the No 3 motor vehicle plant at Shiyan, and the Wuhan iron and steel works, which produces about one-tenth of China's steel. The Daye steel plant in Huangshi is one of China's leading producers of special steels.

Hubei was recognised as important for its agricultural and mineral wealth by the imperial powers over a century ago. In 1861, after China was defeated in the second opium war, Wuhan was among those cities

to be opened up to foreign trade as a treaty port.

Its importance was also realised by the Japanese imperial army, which fought hard—but in vain—to tap rich supplies of copper and other rare strategic metals around Huangshi on the banks of the Yangtze in the east of the province.

Today, only Chinese vessels are allowed up the Yangtze as far as Wuhan, but the province is beginning to emerge once again as an important exporter after 30 years of being refused access to international markets. Since being given the right in 1980 to export directly, overseas sales last year amounted to US\$530m, and appear likely to come close to \$700m this year.

Wuhan has achieved prominence many times in recent years—always temporarily, and often at a cost to itself—hence its reputation for being fortunate in unfortunate times. Late in the 19th century, Chang Ching, the province's reforming governor, made Wuhan a prominent centre for the "self-strengthening movement" that was aimed at modernising the faltering Qing dynasty.

Under his aegis, in 1881, China's first steel plant was built in HanYang, one of the three cities that make up Wuhan. The plant was destroyed in the Sino-Japanese war. Most important of all was Wuhan's half-accidental role as

the catalyst of the 1911 revolution that overthrew the Qing dynasty. At a time when Sun Yat Sen, accredited inside China today as the inspiration of the revolution, was in the US, a group of dissident army officers in Wuhan was prematurely discovered plotting an insurrection when a home-made bomb accidentally exploded.

The next day—October 10 1911—four battalions mutinied in the city. The governor fled, the republic was declared, and within weeks the whole of central China was in republican hands.

Sun Yat Sen later made light of the role of these dissident officers in the establishment of China's republic, but he acknowledged the strategic importance of Wuhan when he wrote that the capture of the city "gave us the keys to the whole of central China."

For the next 20 years, this uncharismatic industrial city was an important centre for China's embryonic communist movement. In 1927, when Chiang Kaishek was focusing his military government on Nanjing, his soon-to-be-betrayed communist allies centred around Borodin, the Soviet adviser, and Soong Chingling, widow of Sun Yat Sen, based themselves in Wuhan. The young Mao Tse-tung taught for a time in Wuhan's famous peasant movement institute.

With the ascent of Chiang Kaishek, so Wuhan's import-

ance dwindled—only to re-emerge as China's capital for four and a half months in 1938 as Chiang retreated from Nanjing before the invading Japanese army. By the time the Japanese swept into the city, very little remained intact.

People in Hubei today appear reluctant to talk about the period of Japanese occupation, but it is perhaps notable that Japan ranks unusually low as a trading partner and investor.

Even since liberation in 1949, Wuhan's political role has been important but ill-starred. On July 16 1968, Mao Tse-tung made his famous swim across the Yangtze at Wuhan, accompanied by 5,000 zealots. At the age of 73, he was warning his opponents that he was not a spent force politically.

Within a year, the cultural revolution had been launched, opponents had been deluged and the country was being plunged into a period of anarchy that lasted for the better part of a decade. In Wuhan, the anti-Mao "million heroes" faction took up cudgels with the "Wuhan workers' general headquarters" faction, and by the time they had been crushed, 200,000 people were dead, injured or crippled.

Wuhan people talk little today of that unhappy period—or of the city's role in triggering it.

Today, Governor Guo Zhongqun is striving to carve a reputation for the province as

an economic and industrial innovator. As a graduate of the trade department of the People's University in Peking, and a former director of the People's Construction Bank, he is well-placed to oversee such development.

Hubei has been set apart as a testbed for reforms intended to strengthen links between urban centres and their rural hinterlands, and between the vertically-integrated state organisations that in so many Chinese cities set up formidable bureaucratic walls against co-operation between departments.

Despite this policy commitment, evidence of barriers to co-operation remains strong in the province. Grand sounding entities like the General Yangtze River Through Transport Corporation, set up last year as a "trans-provincial, inter-departmental alliance combining water, railways, highway and road transport," appear more impressive in concept than in what they have so far achieved.

Provincial import-export corporations appear more than usually active and enterprising, but manufacturers throughout the province remain ignorant of the foreign markets in which their products are judged. Despite an unequivocal commitment from the Hubei Government to boost foreign trade, one wonders how a factory director in the province can ever become adequately aware of the quality

and cost-competitive forces at play in foreign markets while the only officials to have direct contact with them are those operating the monopolies of import-export corporations.

Unlike in some provinces, where a number of larger enterprises have been allowed to set up direct trade links with foreign buyers, this is conspicuously absent in Hubei. Government officials are unquestionably committed to buying foreign equipment, seeking foreign investment, and tapping foreign expertise.

A large number of foreign experts—many of them German or from Hong Kong—are working as advisers or line managers in factories in the province. Mr Werner Gerlich, who heads Wuhan's diesel engine plant, has been made a national hero as a reward for his efforts to raise standards of efficiency.

The rewards of this commitment are as yet hard to see, however. Hubei has attracted comparatively few foreign joint ventures—a total of 58, with a total investment value of US\$110m—and a number of those agreed have subsequently foundered. Outsiders' awareness of these shortcomings is nevertheless probably more a result of greater-than-usual frankness on the part of local officials than of a higher-than-average failure to seal joint venture deals.

Hubei's slow start in securing joint venture interest may be linked with problems inevitably associated with being so far in China's interior. Provincial officials make much of Wuhan's excellent communications—based on the Yangtze, and on the main North-South railway between Peking and Canton—but perhaps perceive only dimly how awful China's internal communications are in comparison with other countries in the world.

The province's undoubted strengths as a base for agriculture and mineral extraction, and for industries based on

Surveys on China

THIS SURVEY is the second in a new series of surveys of selected regions and industrial sectors of China, to be published during the rest of 1986.

Our survey on Tianjin, the trade gateway to Northern China, appeared in the FT on Friday August 20. A combined reprint of all these surveys, together with the FT's annual national survey on China, will be available in December.

For copies, please send your order to Michael Robinson, Publicity Dept., Financial Times, 10, Cannon Street, London EC4A 3DF, together with a remittance of £5 per copy ordered.

such as textiles, steel and chemicals, will probably in due course attract foreign interest—but this is likely to take time, and may be linked with the completion of projects to improve ports along the Yangtze, speed rail communication, and widen roads throughout the province. The creation of new shipping companies like Datung and Qingchuan are also likely to be moves in the right direction.

While foreign investments remain limited, foreign trade has begun to grow strongly—with a strong stimulus from the Hong Kong market, which absorbs large quantities of Hubei's farm products, and the Hubei share of its cotton, ramie, and textile products.

With China hopefully moving into more fortunate times, there is a real chance that Hubei will in the near future have the opportunity to demonstrate that its own good fortune need not be linked with turbulence and upheaval in the country at large.

This will certainly be a major aim of Governor Guo and the team of officials appointed around him, and many both inside China and out, share a keen interest in his success.

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HUBEI WOLLASTONITE

Hubei wollastonite, milky-white and glassy in lustre with fibre and radial forms, is an ideal raw materials for ceramics, lacquer, rubber and plastics industries.

SiO ₂	48% min.
CaO	abt 42%
Fe ₂ O ₃	1% max.
Ig loss:	abt 2.5%
Wollastonite lumps: size 5 — 25 cm	
Wollastonite powder: 60 — 300 mesh 90% passing through.	
Packing: wollastonite lumps — in bulk or gunny-bags of 50 kg. net each. Wollastonite powder — in plastic bags with outer woven bags of 50 kg. net each.	

Abundant natural fibre materials enable us to produce top-quality garments

As one of the garments import and export branches in China, Hubei Garments Branch has over 20 years' experience in export. Our export commodities mainly go to countries and regions like U.S.A., European Economic Community, Canada, Japan, Australia, New Zealand, Middle East, African Countries, Hong Kong and Macao, etc.

We mainly handle the following business: export of shuttle-woven garments, processing to supplied samples and supplied materials processing for export and compensation trade. Our garments are characterised by complete variety, fashionable design and top-quality. We can also guarantee prompt delivery of goods. Our way of doing business is flexible and our services are meticulous. Our business has been growing substantially during the comprehensive reform of the economic structure. The export volume of our corporation in 1984 doubled that of 1983 and the volume of 1985 has also been increased by 10 million U.S. dollars.

Hubei Province is among the major natural fibre producers in China. The output of ramie and cotton ranks second among all provinces of China. The export of ramie cotton garments accounts for one-fourth of the whole country. These garments are better than all chemical fibre wear in the sense that they are comfortable to wear, elegant in look, complete in specifications and fashionable in design and they have enjoyed high reputation in the export market.

Pursuing the principle of "reputation first, customers first", we sincerely wish to establish relations and develop business cooperation with people from trade circles all over the world on the basis of equality and mutual benefit.

China National Textiles I/E Corp., Hubei Garments Branch
Address: 220 Shengli Street, Wuhan, China
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Tlx: 40126 HBGMD CN
Cable: GARMENTS Wuhan

China National Metals & Minerals I/E Corp., Hubei Branch
Address: 99, Shengli Street, Hankou, China
Tel: 25169 Cable: "MINMETALS" Wuhan Telex: 40116 HBMIE CN



HUBEI 3

Industry

Making of a national hero

INDUSTRIALLY SPEAKING, Wuhan has been the focus of national attention because of the management exploits of a retired West German engineer, Werner Gerich, who took control of a diesel engine factory in late 1984.

The enterprise had the problems afflicting many factories in Hubei: outdated equipment that was installed in the 1950s, and a management system that stifled initiative. Mr Gerich fired the plant's engineer and the chief quality controller, tidied up the parts supply system, and strictly monitored working hours. As a result, he became a national hero.

While most of Mr Gerich's alterations were basic, similar changes need to be made in many factories. The province and Wuhan, in particular, are paying the price for an industrial evolution disrupted by the Second World War, and then hampered by policies that seemed content with 1950 levels of advancement.

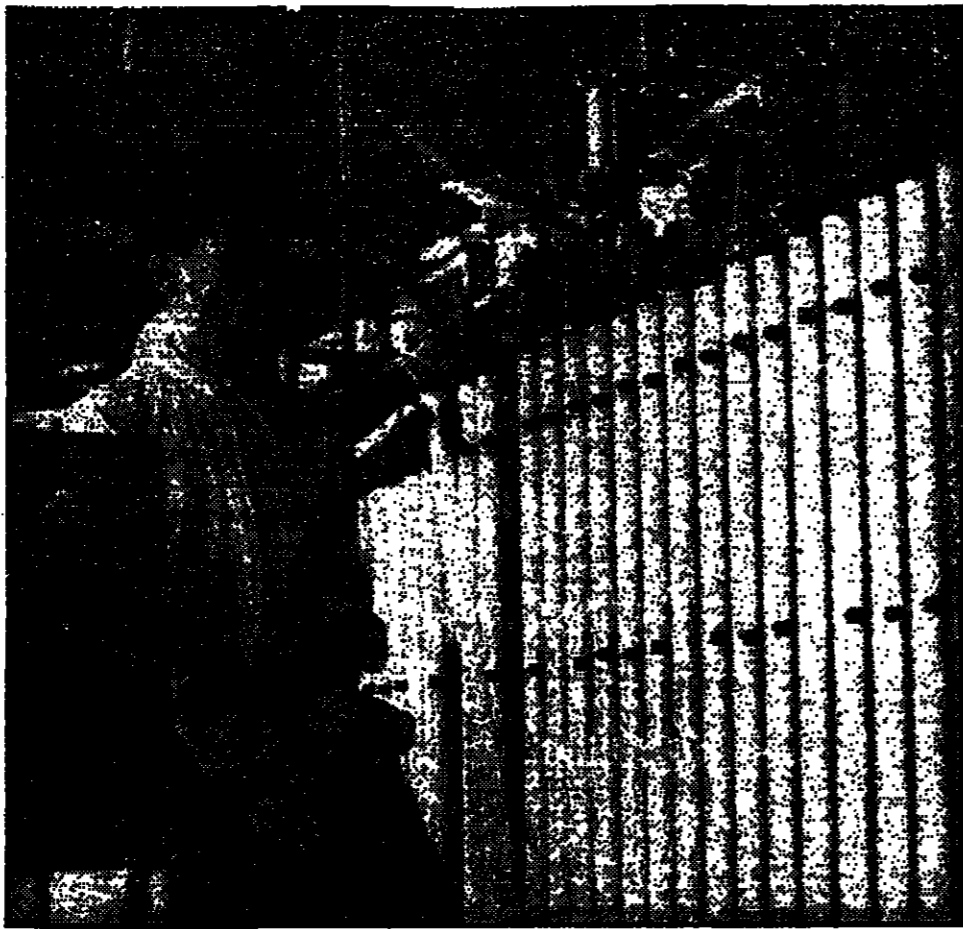
Before Wuhan fell to the Japanese in October 1938 — at the time it was the Chinese capital — the heart of the industry was transplanted up the Yangtze River to Chungking (Chongqing). A few years after the war finished, Peking decided to get industry off the ground again by moving factories from Shanghai to Wuhan.

One of those plants is the Wuhan printing and dyeing factory in Wuchang. Its director, Jiang Yangping, said the Shanghai shift was intended to "plant the seed" of Shanghai's industry in what was then a struggling city.

Mr Jiang's factory has also tapped the retired foreigner market. They had a retired British engineer working for three months until June this year, and are fishing for another British technician for next year.

Wuhan, which is the largest industrial centre in central China, plans to increase what it calls "intelligence imports" by having 80 foreign experts working each year in the city. Last year, there were 55 such specialists advising on industrial reform.

Mr Jiang concedes that a major difficulty for Chinese producers is guessing the wants of foreign buyers — about 20 per cent of the printing factory's output is sold in South East Asia, while 80 per cent is sold domestically. In response, he has developed a design research team which is supposed to keep its finger on the market pulse. The factory, like most others in Wuhan, suffered because of power shortages earlier this year after the provincial government ruled that energy for industry should be diverted to help overcome a crippling



Fluorescent light tube factory in Shashi.

drought. The measures were announced in April, and some factories were instructed to cut their use by at least one-third. Since then the rains have come, and the problem has eased. However, the situation highlighted the thin line between adequate and inadequate power, a line that has been crossed many times at the Wuhan Iron and Steel Company, the second largest of its kind in the country.

In 1974 the company bought rolling mills worth US\$600m from Japan and West Germany, but it was not until last year that the equipment's potential was fully realised because of energy shortages.

The steel plant is another of the three-decade-old factories in need of renovation. (The factory was officially opened on September 13 1958, when Mao Zetung was a special guest. An employee said that when staff refer to the September 13 anniversary, they have to make clear they are talking about Mao's visit and not the down-fall of Mao's former officer, Lin Biao, on September 13 1971.)

Last year, the company bought a steel painting line from Davy McKee of the UK for US\$4.9m, and has been negotiating with Japanese and West German companies for other major purchases. About a third of its iron ore is imported from Australia, with the remainder of the 8m tonnes annually coming from Chinese mines.

The company has felt the push of Brazil into the iron ore market, having received several delegations this year trying to convince it to change the allegiance from Australian to Brazilian ore. "The Brazilians offer a very good price, but the transportation is a problem. We have not bought any ore from them yet."

This year the plant will produce about 4m tonnes of steel, and although officials claim that it has developed 50 new products, 30 of which are supposed to be in mass production, the general manager of the China Metallurgical Import and Export Corporation, Shen Wenxi, admitted that special steels are not and would not be its speciality, despite growing domestic demand.

Domestic demand for a factory bidding system is more uncertain. About 35 Wuhan enterprises were experimenting with the system at the end of 1984, but industry officials made clear that bidding is still in very limited use.

It has been tested by the Wuhan heavy duty machine tool works, the largest in China. There has been little or no change of suppliers so far by the works, which last year earned 8.5m yuan (US\$1.05m). The factory vice-director, Zhai Wei, hopes for more power next year, but the issue is sensitive as inefficient suppliers could face bankruptcy, another controversial issue, if they lose long-time customers.

The ability to hire and fire has been much talked about by Peking but like bidding, its use is extremely limited. Despite several years of talk about breaking the "big iron pot," the factory only received Peking's imprimatur on the policy last month, Mr Zhai said, and as yet no workers have been sacked nor are any sackings imminent.

Robert Thomson



Copper mining in Huangshi, a city rich in mineral sources in the east of Hubei.

Motors

Little Detroit of the province

THE LOCALS call Shiyan, in the north west of Hubei province, "motor city" but 17 years ago, before work began on the number two motor factory, there were no more than 100 families in the area. Now, the city of 330,000 is a diminutive Detroit.

In fact, the parts factories and support industries are so numerous that the hilly region, chosen as the factory site partly out of fear of the Soviet threat during the 1950s, is unable to take much more development.

So the number two factory with its 95,000 workers has had to spread the load to Xiangfan, about 150 kms to the east, where a new truck factory, specialising in heavy-duty eight to 14-ton diesels, is under construction.

The Shiyan auto works has been lauded by Peking authorities as a model of self-reliance and efficiency, but the factory has borrowed much from Japanese management techniques and has been increasingly importing equipment — mostly Japanese, West German and British — to improve the product.

In the assembly plant, workers wear colour-coded caps, with blue signifying that the person is a labourer, while red is for quality controllers and green is for engineers and technicians. (The factory has got around a bonus tax that has severely limited the ability of most Chinese enterprises this year to give material incentives to workers — it automatically includes bonuses in a wage package and does not feel obliged to pay the tax.)

The expansion of the plant's production — up by an average of 54 per cent in each of the past six years — has left holes in the production chain. There are not enough test drivers, and equipment in some of the support factories are Dickensian in age. A military theme lingers, with 2.5- and 3.5-tonne cross-country vehicles built fundamentally for military use. But with China's present policy of commandeering military resources for civilian use, the emphasis is on commercial vehicles.

Similarly, the auto works reflects the Government's ex-

port ambitions, and its strategy to decentralise authority to do so. In January last year, the plant began handling exports itself for the first time, after having previously exported under the auspices of the Wuhan-based Hubei branch of the China National Machinery Import and Export Corporation.

Domestic demand is still stronger than supply, and exports comprised only 2 per cent of the 91,000 vehicles produced last year. Hard currency earnings were around US\$2m, about the same as in 1984.

"We don't feel that this amount is in keeping with our development," said Gao Mingxiang, the vice-president of the automobile works, who is feeling the Peking push to export. The carrot for the complex is that it can keep 40 per cent of foreign exchange earned, while 50 per cent goes to the central government and 10 per cent to provincial authorities.

The auto works has chosen the awkward "Aeolus," the Greek god of winds, as its foreign trade name — its domestic brand is "Dongfeng" (east

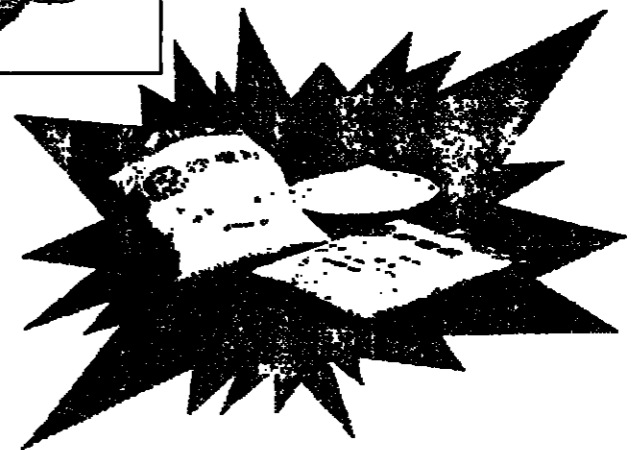
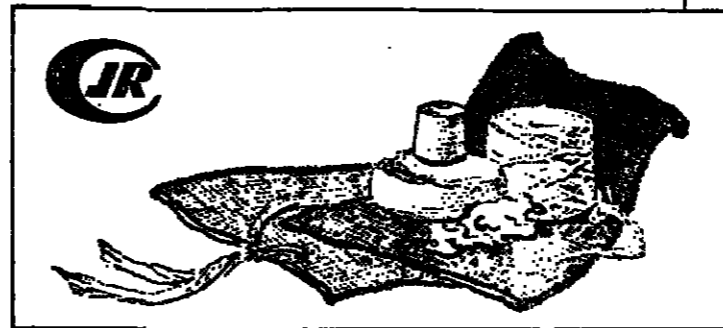
wind). The quality and style of the trucks is such that they could not compete on major markets and most exports have been to the Philippines, Cameroon, Sudan and Mali.

The plants engine block plant is on the verge of completing an agreement to supply the Shanghai Volkswagen Santana joint venture as part of that project's drive to localise production. The vice-mayor of Shiyan city, Xiang Maohao, explained that the number two truck works is the engine for the development of the city, which has given priority to making the remote area more congenial so as to attract workers from other provinces.

Mr Xiang said that in drawing up the city strategy the auto works naturally plays a large role in advising government what direction policy should take. Now, he and the other city leaders have decided to put "motor city" on the map by printing glossy brochures to show tourists that Shiyan is more than just a truck factory.

Robert Thomson

Hubei NATIVE PRODUCE



With a history of more than 30 years, Hubei Native Produce Branch of China National Native Produce and Animal By-Products I/E Corp. has been a special corporation handling the imports and exports of native produce in Hubei. At present, we have established business relations with more than 40 countries and regions around the world.

Our main products include: industrial raw materials, feedstuffs, dried fruits and vegetables, canned goods, bee honey and its products, cotton, ramie, plastic fibre and its products, bamboo goods and daily-use mountain products and sundry goods, of which Raw Lacquer, Swallow Brand Black Fungus and Jingshan Mushroom have enjoyed high reputation and are widely welcomed in world market.

The principles of our corporation are: "services the best and reputation of the first." We wish to cooperate sincerely with various customers at home and abroad on the basis of equality, mutual benefit and exchanging what one has for what one needs.

Interested in Hubei Native Produce? If so, please note the following address:



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5, Tianjin Road, Hankou, China
Tel: 27391 Telex: 40113 HBNPC CN
Cable: "PROWUHAN" Hankou



China National Textiles I/E Corp., Hubei Branch

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- Pure Ramie Yarn
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- Vinyon/Cotton Yarn
- Polyester/Cotton Yarn
- Pure Polyester Yarn
- Oil Polyester Yarn
- Cotton Grey Fabrics
- Grey Lawn
- Grey Poplin
- Grey Drill
- Grey Corduroy
- Grey Bed Sheets

- Grey Shirting
- Grey Acrylic Cloth
- Grey Flannelette
- Grey Vinyon Grey Cloth
- Trueran White Lawn
- Trueran Dyed Fabrics
- Trueran Dyed Yarn
- Trueran Printed Fabrics
- Cotton Dyed Fabrics
- Cotton Printed Fabrics
- Cotton Printed Flannelette
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- Cotton Bath Towels
- Cotton Face Cloths
- Pillow Covers
- Cotton Tea Towels
- Cotton Towel Fabrics
- Cotton Towelling Blankets
- Bed Sheets
- Cotton Quilt-covers
- Table Cloths
- Bed Sheet & Pillow Case Sets
- Pillow Cases
- Bed Sheets By Set

- Cotton Blankets
- Cotton Thread Blankets
- Cotton Handkerchiefs
- Hand Bags
- Cotton Thread Cones
- Cotton Zipper Tapes
- Cotton Thread on Cards
- Babies' Napkins
- Cotton Mops
- Cotton Ropes
- Plain Woven Tea Towels
- Cotton Momiee Cloths

TRUERAN MANUFACTURED GOODS

- TIC Bed Sheets by Set
- TIC Bed Sheets

- TIC Bed Sheets with Pillow cases
- TIC Pillow Cases

KNITWEAR

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- Acrylic Knitwear
- Acrylic/Cotton Mixed Knitwear
- 65% Polyester/35% Cotton Knitwear
- T-Shirts
- Singlets
- Vests

- Briefs
- Pyjamas
- Children Printed T-Shirts/Sets
- Pique Polo Shirts
- Sweaters
- Sports Sets
- Working Gloves

China National Textiles I/E Corp., Hubei Branch
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HUBEI 5

Business Guide



Cotton textile factory in Shashi, a textile city in Hubei.

Textiles

Ramie proves a big dollar earner

TRAVELLING WEST from Wuhan to Shashi through the heart of the Jiangnan plain, the cotton fields are in full flower in August—vivid evidence of the flourishing textile and garment businesses that make a critically important contribution to Hubei's manufacturing sector.

one-third of Hubei's total export earnings last year. The province has also become the centre in China for production of ramie—a fibre crop rather like jute that until recently was grown in small quantities for the production of sacks and gunny bags.

mixed yarn was exported—mainly to Hong Kong. Along with ramie piece cloth, this earned a further US\$31m. Well aware of moves in the US and Europe to bring ramie goods under quota restraint, Lin Yanping—known as "the king of ramie"—in the Import Export Corporation—is pressing hard to boost foreign sales.

doubt be the greater for a recently introduced bonus system for the Import-Export Corporation's salesmen which can double their monthly salaries. While a large number of the province's textile mills date back 30 years, serious efforts are being made to improve technology.

textile or garment factories have been set up—all but one of them with Hong Kong partners. The most prominent, Sky Dragon Knitwear in Puqi, has installed US\$6m of modern knitting machinery, and is supplying the Hong Kong based Esquel group—which has 19 garment factories worldwide.

Kong dyeing and finishing mills which have the techniques needed to transform ramie into an acceptable fashion material. After paying a processing fee, Hubei's garments branch must then reimport the cloth it needs for manufacture of its own ramie garments.

WUHAN IS actually three cities which straddle the confluence of the Han and Yangtze Rivers about 1,600 km upriver from Shanghai. Wuhan, which means "prosperous military" sits on the east bank of the Yangtze, and is today Wuhan's cultural and academic heart.

foreigners: Jangshan Hotel on Shengli Street, Xiangong Hotel on Jiangnan Road. EATING OUT IN WUHAN. Luotouge: Wuhan's most famous restaurant (Chairman Mao ate there) specialities include "dough", a Chinese version of a Spanish omelette, chicken soup ("Jitang"), and meat dumplings ("Xiaolou-hao").

Agriculture

Strong base for aquaculture

YOU CANNOT be long in Hubei before someone tells you it is "a province of fish and rice." The description may sound like a cliché, but there is no doubting its accuracy. Fed by the Yangtze river, its rich red alluvial soil is among the most fertile in China.

usual harvests of middle and late season rice. Cotton output may also be slightly down, but officials insist this will be marginal. Grain output in 1985—most of it rice—amounted to 22.15m tonnes, about 2 per cent lower than the 1984 total.

ing the volume of output. The output of cash crops surged in 1985 as farmers responded to more flexible policies. The output of jute and similar fibre crops more than doubled, while the ramie crop—which was negligible in 1982—rose to 20,000 tonnes.

try making down products, while chicken rearing makes it a major export base for fresh eggs—mainly to Hong Kong. In fact, Hong Kong is a substantial export market for Hubei's farm products, accounting for 60 per cent of last year's US\$70m in export earnings from farm products.

Ramie, the Chinese nettle plant fibre, being processed at a textile factory in Huangshi. The industry still has striking weaknesses. Almost all cotton cloth is produced from the shorter fibres (around 27 mm) that can be grown in Hubei.

WHERE TO STAY IN WUHAN. More often than not, a sponsoring organisation will make local arrangements for your stay. There are no hotels built to western standards in Wuhan, but if this is taken for granted then they are comfortable and clean by Chinese standards.

OTHER CITIES IN HUBEI: Shashi: A modern textile city five or six hours by road west of Wuhan. Best hotels: Zhongshan on Zhongshan Road and Jianglin on Gongyuan Road. Yichang: A substantial industrial centre three hours further west from Shashi, with Gezhouba—dam—in its western suburbs.

OTHER CITIES IN HUBEI: Shashi: A modern textile city five or six hours by road west of Wuhan. Best hotels: Zhongshan on Zhongshan Road and Jianglin on Gongyuan Road. Yichang: A substantial industrial centre three hours further west from Shashi, with Gezhouba—dam—in its western suburbs.

China National Machinery & Equipment I/E Corp., Hubei Branch (Business Introduction). General Manager: Guan Yong Kai, Deputy General Manager: Zhou Li Li, Deputy General Manager: Hele Chih Tiah. Address: Zhongshan, Wuhan, China. Tel: 87281, 87282, 87283, 87284, 87285. Cable: "HBEQUIP". Telex: 40118 HBEKCN.

Hubei Cereals, Oils & Foodstuffs. Hubei Branch of China National Cereals, Oils & Foodstuffs I/E Corp. is a specialized corporation handling the foreign trade of cereals, oils and foodstuffs in Hubei. We have developed our foreign trade business for more than 30 years and have now established trade relations with over 50 countries and regions in the world.

China National Machinery & Equipment I/E Corp., Hubei Branch (Business Introduction). Our business lines include: 1. Metal-cutting machine tools, forging and pressing equipment, casting machinery, carpenter tools measuring and cutting tools, abrasive grinding tools, bench drilling machines, grinders and attachments to machine tools.

UK COMPANY NEWS

Cadbury Schweppes rises to £43m

Cadbury Schweppes, the confectionery and soft drinks group which recently added Canada Dry and Dr Pepper to its brand names, yesterday announced that its profits for the 24 weeks to June 14 had risen to £43.1m...



Sir Adrian Cadbury, the chairman of Cadbury Schweppes.

Improved by £4.3m to £48.7m and trading margins rose from 5.2 per cent to 6.2 per cent. Interest payable less investment income was reduced from £14.5m to £7.7m.

Comparisons with 1985 were affected by acquisitions, disposals and exchange movements, the sum of which reduced pre-tax profits by some £2m.

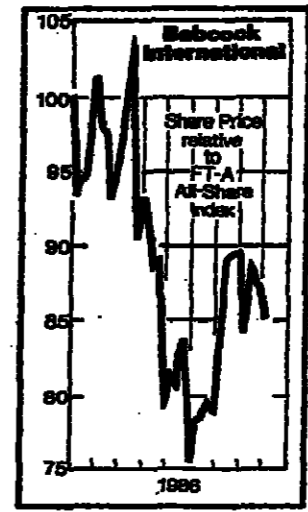
Interest charges. Sir Adrian said the acquisition of Canada Dry at a net cost of \$160m (£82m at current rates) doubled the size of the group's international soft drinks business.

Bunzl goes on takeover trail with £191m call

Bunzl has announced plans to raise £191m after expenses through a one-for-three rights issue priced at 195p, a 40p discount to Wednesday's closing price.

Babcock up £1m despite high interest charges

PROGRESS CONTINUED for Babcock International in the first half of 1986, with pre-tax profits up by nearly £1m to £16.03m, despite substantially higher interest charges partly as a result of financing acquisitions.



Lord King, chairman, pointed out that there would be no repeat this year of the suspension of pension fund contributions which added £5m to profits in 1985.

High demand pushes up R & H Hall

R & H Hall, the cork-based merchant, had an exceptional half year and was looking for a significant improvement over 1985 as a whole.

Petranol profits tumble midway

Petranol, the small UK oil and gas operating company which has most of its production in the US, has announced profits after tax of \$6.148 for the six months to June, 1986 - sharply down on the previous \$2.31m.

US oil and gas prices have held a bit firmer than those in the North Sea and Petranol has mainly this to thank for being on the right side of breaking even this time.

US oil and gas prices have held a bit firmer than those in the North Sea and Petranol has mainly this to thank for being on the right side of breaking even this time.

Linread slightly ahead of forecast with £0.35m

Linread, manufacturer of cold forged fasteners, increased its pre-tax profits by just 66,000 to £251,000 in the first six months of 1986.

Weak market conditions affected Linread Systems, where sales were some 5 per cent lower than in the first half of last year.

Profits halved to £0.53m at IFICO

Industrial Finance and Investment Corporation (IFICO), financial services group currently undergoing a major reorganisation, has reported its first half 1986 profits of £0.53m.

This advertisement is published by N.M. Rothschild & Sons Limited on behalf of Turner & Newall PLC. The Directors of Turner & Newall PLC on the persons responsible for the information contained in this advertisement is in accordance with the facts.

Turner & Newall PLC OFFER FOR AE PLC. VALUE OF T&N OFFER: (part share, part cash) 282p. AE SHARE PRICE: 250p. AE SHARE PRICE BEFORE OFFER: 182p. FINAL CLOSING DATE OF OFFER: Friday, 12th September, 1986.

N.A.V. at 29.86p US\$34.34 VIKING RESOURCES INTERNATIONAL N.V. INFO Pierson Holding & Pierson N.V. Herengracht 214, Amsterdam. LADBROKE INDEX 1.380-1.386 (+7) Based on FT Index Tel: 01-427 4411

I.J. Dewhirst Holdings p.l.c. Clothing Manufacturers. INTERIM STATEMENT. Sales 26 weeks ended 18th July 1986 £'000's 30,052. Profit before Taxation 2,673. Estimated Taxation 909. Profit after Taxation 1,764. Earnings per Ordinary Share 2.22p.

Derek Bryant well down. THE FIRST six months of 1986 proved disappointing for the Derek Bryant Group, USM Lloyd's insurance broker, and the directors said yesterday that they felt it prudent to defer payment of an interim dividend until the extent of the expected improvement in the second half was known.

DIVIDENDS ANNOUNCED. Table with columns: Dividend, Date of payment, Current year, Previous year. Includes entries for Babcock, Derek Bryant, Bunzl, Cadbury Schweppes, etc.

NOTICE TO LOMBARD DEPOSITORS. Lombard North Central. 17 Bruton St, London W1A 3DH. Interest is credited on each published rate change, but not less than half yearly.

UK COMPANY NEWS

Sound Diffusion £1.35m ahead after six months

Sound Diffusion, an electrical equipment leasing company, made strong progress over the opening six months and at the pre-tax level lifted its profits by £1.35m.

comment

Sound Diffusion now appears to be catching up with itself—a long delayed set of full year figures has been followed by a far more prompt delivery of the

interim numbers. However, past experience may have led to the decision to keep the statement accompanying these figures down to 42 words.

Hanson Trust in Courage shake-up

BY LIONEL BARBER

Hanson Trust, which this year successfully bid £2.8bn for Imperial Group, is ruthlessly cutting costs at Imperial's brewing subsidiary, Courage, in a move which analysts interpret as preparing Courage for sale.

Market analysts have been watching closely to see if Elders will move for Courage instead of its earlier target, Allied-Lyons. On Wednesday, Elders was given the go-ahead by the Monopolies Commission to renew its bid for Allied.

Wm Collins expands by 8%

WILLIAM COLLINS, the book publisher, increased its sales by 18.9 per cent and its pre-tax profit by 8 per cent in the first half of 1986.

figures, but he remained confident that a further advance would be achieved. In 1985, the group made £13m pre-tax.

trade which has made retailers, temporarily, more efficient and therefore more economical in their re-ordering.

COMPANY NEWS IN BRIEF

F. & W. MACLELLAN lifted turnover to £5.84m (£5.36m) but pre-tax profit fell to £188,000 (£258,000) in half year ended June 30 1986.

to June 1986, against £140,684, on turnover of £4.34m (£3.69m). After tax of £49,993 (£46,479) earnings per share emerged down to 3.14p (3.05p).

SPP buys Henry Sykes for £4.2m

SPP, pump manufacturer, yesterday unveiled slightly reduced interim pre-tax profits for 1986 but also announced the proposed acquisition of Henry Sykes, a market leader in the hire of specialist packaged pumps, for £4.2m.

GRA changes its tactics for Slough redevelopment

BY WILLIAM COCHRANE

GRA Group, the greyhound racing organiser which said in June that it was still seeking planning permission for proposed developments of stadia at Harringay, Slough, White City, Manchester, Northway and Snowfield, said yesterday that it was switching its tactics for the Slough development.

comment on the situation last night. GRA said that if planning consent for the proposed redevelopment can be obtained, the board consider that the price is such that the retention of Slough Stadium for greyhound racing cannot be justified.

LADROKE GROUP — Sir Kenneth Cork, a non-executive director, has sold 432,000 ordinary shares out of his non-beneficial interest in the company.

GROVEBELL Group, the fast-growing trade finance, motor dealing and medical equipment company, has had its listing temporarily suspended "pending clarification of its financial position."

EVERED Holdings, the manufacturing conglomerate which recently sold its stake in the TI Group for a profit of £8m, has announced the acquisition of the rubber business of Lucas Electrical for £650,000 in cash.

TALBEK GROUP has exchanged contracts for the disposal of Castle Rubber, a wholly owned subsidiary engaged in the manufacture of rubber mouldings, primarily for the automotive industry.

EDENBERRY SHOES, investment holding company, approved pre-tax profits to £142,286 (£120,587) for the year

Bryson cash injection

Bryson Oil and Gas, the company engaged in oil and gas exploration in the US, is receiving an injection of cash through a private subscription of more than 2m shares which will bring in a total of £840,000.

Hillsdown buys animal feeds

Hillsdown Holdings, the fast-expanding food and furnishing manufacturer, is buying a 51 per cent majority stake in Inghams Stockfeeders, animal feed manufacturer, in a cash and shares deal worth £408,000.

tax profits from December 1981. Inghams net asset value last April was £447,747.

MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes

Interim Results: 24 Weeks ended 14th June 1986.

Table with 4 columns: Item, Half Year 1986, Half Year 1985, % Change. Rows include Sales, Trading Profit, Profit before Tax, Earnings per Share, Dividends per Share.



- Canada Dry — World-wide rights acquired for \$140m (£93m).
Dr. Pepper — \$17.5m (£12m) invested for 30% share.
These two key investments give Cadbury Schweppes international leadership in the non-cola carbonated soft drinks market.
Beverages & Foods Division sold for £97m.
Cadbury Schweppes' New Zealand business sold to Cadbury Schweppes Australia in return for increased shareholding.
Sale of the Health and Hygiene Division and other non core businesses will enable the company to concentrate on those businesses it knows best — confectionery and soft drinks.
Increased earnings per share and an increased dividend highlight significant progress in the first half of 1986.

"I am confident that the progress made in the first six months will be continued throughout the year." Adrian Cadbury, Chairman

Table with 4 columns: Half Year, Sales, Trading Profit, BY GEOGRAPHICAL REGION. Rows include United Kingdom, Europe, North America, Australia, Other Overseas.

The cash dividend will be paid on October 27th to shareholders on the Register of Members at the close of business on 25th September 1986. A scrip alternative is available to shareholders. Copies of the full statement will be sent to all shareholders and further copies are available from Department S, The Secretary Cadbury Schweppes plc, 1-4 Connaught Place, London W2 2EX.

MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes



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Rachel Melki: Manager Corporate Banking
David W. Whyte: Operations Manager

UK COMPANY NEWS

Cookson rises to £43m and further growth ahead

DURING the first six months of 1986 the Cookson Group continued the progress it had achieved in recent years.

Sales pushed ahead from £451.2m to £458.5m and at the pre-tax level profits showed an improvement of £8.4m at £43m — the group manufactures specialist materials for use in industry.

The sales figures were affected by the relative weakness of some currencies, lower metal prices, acquisitions and disposals and movements between subsidiary and related companies.

The further improvement in profitability of the subsidiaries was mainly in the Fry division and the ceramics and antimony sector.

The materials division experienced difficult trading conditions and was adversely affected by continuing development expenditure but helped by a good contribution from the Horsell group.

In the US, although profits were not as good as in the first half of 1985, particularly as converted at a less favourable exchange rate, all operations showed a marked increase over the second six months of that year.

Fluoride, the 50-50 joint venture with ICI raised its pre-tax profits from £38.8m to £52.1m from a turnover of £232.6m, against a previous £21.5m. Demand continued strong for titanium dioxide.

Fluoride's fixed assets were being revalued as from January 1 and a provision of £2m was incorporated as an extraordinary item in Cookson's figures in respect of the estimated higher depreciation which is likely to result.

Group pre-tax profits for the opening six months (comparisons were restated) took in a £29.6m (£25m) share of related companies. Interest charges were little changed at £10.4m (£10m).

Tax rose to £16m (£13.7m). Earnings worked through at 19.4p (18.9p) from which an interim dividend of 2.75p (2.4p) net is being paid.

During the second half most of the UK and European businesses had continued to progress but the US economy was still unsettled and the Cookson companies were not seeing any material change in demand from the electronics industry.

The very strong performance by Fluoride being maintained. The acquisition of a 50 per cent holding in the Vesuvius Crucible Company, with plants operating in Europe and the US, together with other recently announced acquisitions were expected to contribute to the continued growth of the group.

Comment

A Cornish person was the first to isolate the white oxide of titanium in the early nineteenth century and Cookson must have muttered more than a few prayers of thanks to him in recent years as its 50 per cent stake in Fluoride has proved a money-spinner. Titanium dioxide is the pigment in most white paint and is one of the few chemicals suffering from undersupply.

Once again, Fluoride contributed more than half Cookson's pre-tax profits and looks set to do so at the full year stage. In the rest of the group, the fall in commodity prices has allowed Cookson to squeeze higher margins out of most divisions. The exceptions are lead, where the company is engaged in secondary refining and is thus hurt by a low primary price, and the US, where profits were hit by the slump in the electronics industry.

For the full year, pre-tax profits look set to fall just short of the £90m mark leaving the shares, at 510p up 20p, on prospective p/e of 12.5.

Portals expands on papermaking and engineering growth

RESULTS for the first half of 1986 from Portals Holdings showed profits before tax ahead by 14.8 per cent to £10.45m and basic earnings up 21 per cent to 11.76p per share.

Mr Julian Sheffeld, chairman, said that the broad pattern was expected to continue for the rest of the year.

The chairman said the figures maintained the trend started in the first half of 1985, with papermaking and engineering divisions having a good order intake and the water treatment side suffering from a lack of major contracts. Property produced a good result mainly through some increased rents.

Group turnover for the half year came to £113.5m (£118.32m), after interdivisional sales and rents, and the trading profit to £10.32m (£9.75m). Fully diluted earnings were 10.76p (£9.91p) and the interim dividend is raised to 2.75p (2.5p scrip adjusted).

The cash position had continued to improve, the chairman said.

In papermaking (sales £51.74m and profit £5.29m, against £49.53m and £4.61m) the two mills at Oveston and Bathford were busy throughout, although the exceptionally high demand of the latter part of 1985 eased to more normal levels.

New capital investment programme had improved productivity and margins also benefited from stable raw material prices and energy costs.

Results from water treatment (sales £73.95m and profit £5.49m, compared with £75.15m and £4m) were affected by the timing of the award of large contracts, the chairman pointed out.

The contracting companies continued to be hampered by £25m.

The sale of an unprofitable mill but water treatment, Portals' other main activity, was hit by the lack of municipal and industrial contracts. In the long term, Portals will probably see to acquire a third leg, possibly via a major add-on to its engineering division. An acquisition looks affordable whilst Portals is cash-positive and whilst its shares at 325p are at a prospective p/e of 13, assuming pre-tax profits of £25m.

Comment

While not having a licence to print money, Portals does make the paper from which many of the world's banknotes are made. After adding in its other security paper interests (travellers cheques, passports, bearer bonds), Portals is so important in the sector that the Bank of England judge it prudent to maintain a 28 per cent stake. This must be one of the most effective defences against a takeover known to man. In the first half, security paper increased margins thanks to the sale of an unprofitable mill but water treatment, Portals' other main activity, was hit by the lack of municipal and industrial contracts. In the long term, Portals will probably see to acquire a third leg, possibly via a major add-on to its engineering division. An acquisition looks affordable whilst Portals is cash-positive and whilst its shares at 325p are at a prospective p/e of 13, assuming pre-tax profits of £25m.

All-round growth at Pentos

A 22.1 per cent increase in trading profit and substantial savings in interest charges at Pentos pushed up the first half 1986 pre-tax profit from £441,000 to £531,000, or by 88 per cent.

Mr Tony Maher, chairman, pointed out that profits from retailing and publishing were concentrated into the second half. He said he expected a material improvement in pre-tax results for the year (over the previous £2.7m) and was increasingly enthusiastic about the longer term potential of the business.

Interest charges were cut to £379,000 (£578,000) with some £150,000 saving being attributed to the rights issue proceeds received in May. Earnings were up to 1.36p (0.91p) per share and the interim dividend is lifted to 0.22p (0.17p).

In retailing and publishing, sales improved to £13.92m (£12.5m) and trading profit to £482,000 (£272,000), but the figures were adversely affected by the major refurbishment and expansion at Dillons London bookstores.

The Athens retail refurbishment programme was also completed. So far this year in the UK 10 new shops were opened with at least another five to come. By the end of the year, net of closures, there would be some 55 Athena shops trading in the UK.

Mr Maher said the company had again raised its expectations for future new shop openings. At least 40 should be opened in 1987, including franchises, and the objective was 250 shops within the next five years.

In the US, he would expect by the end of the year more than 20 Athena departments to be operating within the major stores group under the recent agreement. In addition, the company was pushing on with the development of its own free standing retail chain; and would be expecting to operate from 10 stores by this time next year.

Within the office and contract furniture divisions, trading continued to be buoyant with sales ahead to £8.27m (£5.76m) and profit to £705,000 (£558,000). Work started on extending the manufacturing facilities at Ripley at a near £1m cost; it would add 30,000 sq ft of factory space.

Burmah forms adhesives sector by \$33m purchase

BY PHILIP COGGAN

Burmah Oil has taken another step to expand its specialty chemicals operations by buying Columbia Cement, a private US company, for \$33m (£23m). Columbia is the largest supplier of contact adhesives in the US.

The purchase of Columbia will enable Burmah to form a separate adhesives division, consisting of the US company and Industrial Adhesives, the UK group which Burmah bought in 1982. The division could be further strengthened by the purchase of a French or West German company to add a European leg to Burmah's US and UK adhesives operations.

Burmah has now bought six chemical companies since the beginning of 1985 for around \$40m-£50m in total and now has five specialty chemicals divisions: adhesives, coatings, inks, sealants and water management. The Columbia acquisition was paid for in cash, from the proceeds of June's £86m rights issue.

Columbia was founded in 1919 and supplies contact adhesives to the construction, furniture, vehicle, boating and DIY markets. Its biggest customer is Formula.

Although Burmah is not releasing details of Columbia's profits for reasons of commercial sensitivity, it has annual sales of around \$25m. Columbia's president, Mr Edward Maisel, will stay on as head of Burmah's US adhesives operations.

Derek Crouch maintains improvement in first half

THE STRONG improvement in results last year was maintained in the first half of 1986 at Derek Crouch, opencast mining, civil engineering and building construction group. Although turnover slipped from £30.73m to £27.53m pre-tax profits increased to £1.83m, compared with £1.31m.

The directors explained that the lower turnover arose principally from the weaker US dollar exchange rate and the reduced level of local authority construction work being undertaken.

Although the spring weather conditions were not very favourable, the company's UK mining operation maintained good levels of production and efficiency and the company will continue to tender for further new contracts as opportunities arise.

After tax charge of £497,000 (£492,000) for the six months, earnings per 20p share were given as 7.05p, against 6.58p while the interim dividend is lifted to 2.017p, compared with 1.793p—last year's final payment was 4.189p paid from pre-tax profits of £2.13m (£1.76m).

The company's coal operations in Pennsylvania were running satisfactorily and the substantial capital plant replacement already undertaken in 1982, together with an excellent local workforce would help ensure the future operating efficiency of the US subsidiary directors said.

The market for coal remained depressed and the severe drop in world oil prices earlier this year inevitably led to a further softening of coal prices and a reduced profit contribution in the period. Nevertheless, with continued monitoring of production costs and techniques the company still anticipated a profitable out-turn for the year, they stated.

Construction activities were also hampered by the wet spring weather and completions in the company's private homes division were slightly below expectations. However the company was still on course to meet objectives for the year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interiors Eps (Wimbledon), Gibbs and Demey, Home, Newspapers, Offield Inspection Service, PCT, Perimeter, Roprock, Drexel, Crown, DSC, Framington, Magnetic Materials, Second Alliance Trust.

FUTURE DATES

Boddingtons Breweries	Sept 18
Bridon	Sept 17
Cento Industries	Sept 17
Cosmin	Sept 10
Eusabyntus Pulp Mills	Sept 25
Essence International	Sept 9
Flowtrac Macintosh	Sept 11
Sarney	Sept 22
Vickers	Sept 25
DSC	Sept 5
Mariwate Consolidated Mines	Sept 22
Precious Metals Trust	Sept 17

Owen & Robinson reorganisation begins

Owen & Robinson, a small Yorkshire-based jeweller which in recent weeks was taken over by two private investors, Mr Harry Davies and Mr Richard Ratner, yesterday revealed that its 1985-86 losses had been cut by £29,520 to £88,632.

It was pointed out, however, that the figures do not give a true comparison as the previous year's results included a one-off pension contribution of £96,520.

The new management said that on a like-for-like basis sales declined by 5 per cent and with margins also under pressure this led to a deterioration in the trading performance.

Following a review of the existing business, action has been taken to increase both margins and rate of stock turn.

It has been decided to relocate both the Hull and York shops and, to close Halifax. The freehold property at Hull will be disposed of but the freeholds at both York and Halifax will be retained on a tenanted basis for the time being.

Sales for first three months of current year showed some improvement although much of the increase in sales was at the expense of margins. However, it is hoped as a result of the action outlined results for current year would show an improvement, although much will depend on Christmas trade.

The properties have been professionally revalued and showed a surplus of £949,145 over book value and the new valuations incorporated. Despite the losses, borrowings remained under 10 per cent of shareholders' funds.

Turnover for the past year (to May 31 1985) declined from £944,437 to £880,060. A final dividend of 5p makes a same-again net total of 10p.

Mr Ratner is a stockbroker with Kitcat and Aitken, while Mr Davies is a former director of Raybeck.

At the time of the bid they said their plan was to maintain the company's listing, improve the trading performance of its retail jewellery business and "seek to develop its activities when opportunities arise."

Portals

BANKNOTE AND SECURITY PAPER • WATER TREATMENT • ENGINEERING


Interim Report 1986

Results for the half-year ended 30th June 1986

	Six months to 30th June 1986 £ thousands	Six months to 30th June 1985 £ thousands
Group Turnover	113,544	118,318
Group Profit before Taxation	10,447	9,100
Profit attributable to Ordinary Shareholders	6,461	4,947
Earnings per Ordinary Share	11.76p	9.72p
Interim Dividend	2.75p	2.50p

* Group profit before tax up 14.8 per cent.
* Earnings per share increased by 21 per cent.
* Current trends are expected to continue for the rest of the year


Copies of the Interim Report are available from the Secretary



Portals Holdings PLC

Laverstoke Mill, Whitchurch, Hants, RG28 7NR. Telephone: (0256-82) 2360.

This announcement appears as a matter of record only.



SKÅNE - GRIPEN AB

The Gripen Group
2,000,000 "B" Free Shares

The undersigned arranged the placement of these Shares.

Shearson Lehman Brothers International

August, 1986

A FINANCIAL TIMES SURVEY LONDON DOCKLANDS WEDNESDAY 1st OCTOBER 1986

The Financial Times proposes to publish a survey on the above. The editorial synopsis covers the following aspects:

THE FOUR ZONES	OFFICE DEVELOPMENT
INDUSTRY	TRANSPORT
HOUSING	DOCKLANDS AS A PLACE TO LIVE
PROFILES	ARCHITECTURAL OVERVIEW

For a full editorial synopsis and details of available advertisement positions, contact:

Andrew Wood, Financial Times
10 Cannon Street, London EC4A 3DF
or telephone 01-249 8060 x 4125

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

July 1985

Financial Times Friday September 5 1986 LONDON RECENT ISSUES

EQUITIES table with columns for Stock, Price, Change, etc.

FIXED INTEREST STOCKS table with columns for Stock, Price, Yield, etc.

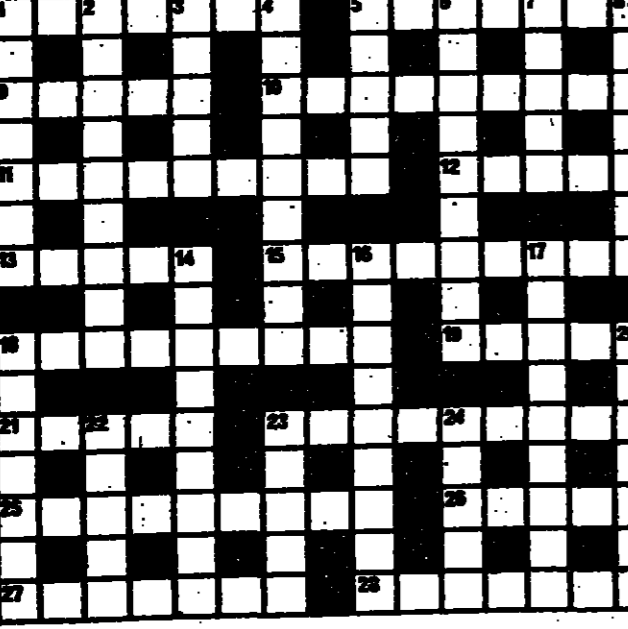
'RIGHTS' OFFERS table with columns for Stock, Price, etc.

Financial Times Unit Trusts section header and introductory text.

UNIT TRUST, INSURANCE OFFSHORE, MONEY MARKET LISTINGS section header and introductory text.

HOLIDAY AND TRAVEL ADVERTISING is published on Wednesday and Saturday.

FT CROSSWORD PUZZLE No. 6117 GRIFFIN



CROSSWORD clues and solutions. Includes 'ACROSS' and 'DOWN' sections with numbered clues and the puzzle's solution.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including names like 'Allied Bank Unit Trusts' and 'British Shipley & Co Ltd'.

FT UNIT TRUST INFORMATION SERVICE

Main table listing unit trusts under the 'FT UNIT TRUST INFORMATION SERVICE' section, including names like 'Lazard Brothers & Co Ltd' and 'Scottish Widows'.

Table listing unit trusts under the 'Scottish Unit Managers' section, including names like 'Scottish Widows' and 'Scottish Life'.

AUTHORISED UNIT TRUSTS & INSURANCES

Warranty Asset Management Ltd 15 Clarendon St, Edinburgh Edinburgh 8 01-452 2211 Aberdeen 10 01-452 2211 Glasgow 11 01-452 2211 London 12 01-452 2211	City of Edinburgh Life Assurance City of Edinburgh Life Assurance 100 George St, Edinburgh 8 Edinburgh 8 01-552 2211	Warranty Asset Management Ltd 15 Clarendon St, Edinburgh Edinburgh 8 01-452 2211 Aberdeen 10 01-452 2211 Glasgow 11 01-452 2211 London 12 01-452 2211	City of Edinburgh Life Assurance City of Edinburgh Life Assurance 100 George St, Edinburgh 8 Edinburgh 8 01-552 2211	Warranty Asset Management Ltd 15 Clarendon St, Edinburgh Edinburgh 8 01-452 2211 Aberdeen 10 01-452 2211 Glasgow 11 01-452 2211 London 12 01-452 2211	City of Edinburgh Life Assurance City of Edinburgh Life Assurance 100 George St, Edinburgh 8 Edinburgh 8 01-552 2211	Warranty Asset Management Ltd 15 Clarendon St, Edinburgh Edinburgh 8 01-452 2211 Aberdeen 10 01-452 2211 Glasgow 11 01-452 2211 London 12 01-452 2211	City of Edinburgh Life Assurance City of Edinburgh Life Assurance 100 George St, Edinburgh 8 Edinburgh 8 01-552 2211
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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, company, and performance metrics.

Table listing insurance and overseas funds, including sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

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Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, company, and performance metrics.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rate.

NOTES

Notes section providing additional information and disclaimers regarding the fund data.

TRADITIONAL OPTIONS

3-month call rates table listing various traditional options and their rates.

COMMODITIES AND AGRICULTURE

Strikes hit Canada's zinc, lumber and wheat exports

BY BERNARD SIMON IN TORONTO

INDUSTRIAL DISPUTES have severely disrupted several of Canada's key resource exports...



Grain shipments through the Lake Superior port of Thunder Bay, which handles 40 per cent of Canada's wheat exports...

The strike comes at a particularly awkward time for prairie grain producers. Besides facing a buyer's market, farmers are about to harvest a record crop...

In addition, the Canadian Wheat Board is expected to route heavy quantities of grain through west coast ports...

The Thunder Bay workers, who earn an average of C\$14.50 (27) an hour, have rejected a mediator's proposal of a 2 per cent wage increase...

end a six-week partial walkout by 21,000 sawmill and logging members of the International Woodworkers of America...

Some 200 angry farmers lobbied the talks and refused to allow the officials to leave until the meeting with Mr. Edwards had been cancelled...

Chernobyl fund talks forced by Welsh

By Robin Reeves, Welsh Correspondent

A HASTILY-arranged meeting to discuss revising the compensation arrangements for Welsh sheep producers affected by the Chernobyl nuclear fall-out...

The farming unions in Wales within the affected zone to be assessed for compensation on a sheep pen by pen basis...

LONDON MARKETS

GOLD and platinum prices passed after their recent rallies yesterday. Gold, which rose above \$400 in London on Wednesday...

INDICES

Table with columns for REUTERS, DOW JONES, and various market indices with their respective values.

US MARKETS

THE FROLICIOUS Metals were once again the main attraction, reports Hecobid. The platinum contract, basis October, made gains of nearly \$12 up to a level of \$676 per ounce...

Table showing US Market prices for various commodities like Orange Juice, Platinum, Silver, and Sugar.

Supply squeeze lifts aluminium

BY ANDREW GOWERS

ALUMINIUM PRICES rose to their highest level in nearly three years on the London Metal Exchange yesterday, as a squeeze on nearby supplies combined with concern about the impact of continuing strikes at several smelters in the US...

Analysts were divided as to the reasons for the latest rise. Mr Anthony Hodges, of traders Rudolf Wolff, said renewed interest had spilled over into aluminium from the copper market...

significant worsening in the overall supply-demand picture, despite the loss of between 180,000 and 150,000 tonnes of US output during the summer, he added.

"Despite all the cutbacks, the underlying trend is still for production to build up," he said. Some traders are becoming increasingly concerned about the distortions being introduced into the LME aluminium market by options business...

for deliberate manipulation of a market which is in any case still thin following the tin crisis. "It's very difficult to ask people to hedge in a market that's so frequently in backwardation," said one observer.

It said capacity will be cut by 6,000 tonnes next month and by an additional 6,000 tonnes in 1987. Production at the company's more modern Step plant, which has an annual capacity of 48,000 tonnes, will remain unchanged.

Norway plans gas-fired power plant

By Fay Gjestad in Oslo

STATOIL, Norway's state oil company, has concluded a tentative 100-cm contract per year sales agreement with the Norwegian state power company, Statkraft, to supply fuel for what could be the country's first gas-fired power plant...

Crude oil market stages 'ceremonial rally'

BY LUCY KELLAWAY

"If this continues for some time, we'll be looking at quite a tight squeeze," he said. The picture is confused, however, by current stocks levels within the industry, and by short-term distortions on the LME.

West Texas Intermediate little changed by lunchtime at about \$16.20. Most traders believe that the Opec production curbs, which pushed the price of oil up from about \$9 a month ago are being well observed.

Market activity on both sides of the Atlantic this week has been low. In the Brent market about a dozen trades were done yesterday compared to the 40 or 50 traded daily a month ago.

Orange juice

CACEX, Brazil's foreign trade agency, said yesterday that it is suspending its orange juice export registrations, as announced last week. It said its confirmation of its temporary suspension, pending agreement between growers and processors on a price ceiling...

Stage set for tin battle

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE LEGAL battle over the rights of the international Council will soon be starting in earnest if Tinco Realisations, a group of 11 London Metal Exchange brokers, succeeds with its planned petition for the winding up of the insolvent Council.

That is likely to be only the first step in the action to recover losses of up to \$400m sustained in the tin crisis. Mr Michael Arnold, a senior partner of Arthur Young, the accountancy firm, who is co-ordinating the brokers' efforts, may be appointed liquidator of the Council only to be told that the 22 member states or most of them are unwilling to stand for the debts.

The reluctance to speak about what the Council discussed and resolved before closing shop suggests that the member Governments hope to escape full responsibility for wrong trading, leaving it all on the shoulders of the buffer-stock managers.

But the details of what was said and resolved are unnecessary. The essential facts are on record. The ITC started trading with less money than it should have received from the members according to the treaty (the Sixth International Tin Agreement) and expanded its operations beyond the financial limits of the treaty.

1924: "It is, we think, a sound principle, that when a Government becomes a partner in any trading company, it divests itself, so far as concerns the transactions of the company, of its sovereign character and well observed."

Mr Michael Arnold, the accountant who is co-ordinating the brokers' campaign, outside of a national law, that the practical impact of international law is determined by what national law makes of it...

GOLD

Gold fell just 5/8 an ounce from Wednesday's close in the London bullion market yesterday to finish at \$349.50 a troy ounce (31.1034g).

Silver was fixed 8.50p an ounce lower for spot delivery in the London bullion market yesterday at \$22.49p. US cent equivalents of the fixing levels were: spot \$22.82, three-month \$22.52, six-month \$22.22, and 12-month \$22.22.

WHEAT

Wheat and barley steadied on lack of offers, reflecting strong deliveries, reaching the day's high of 120.00p for the softest wheats.

Barley was fixed 10.00p a cwt lower for spot delivery in the London bullion market yesterday at \$1.90p.

GRAINS

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US cent equivalents of the fixing levels were: spot \$22.82, three-month \$22.52, six-month \$22.22, and 12-month \$22.22.

SOYABEAN MEAL

Yielder's price for Soyabean Meal rose to 42.00p a cwt, the highest since August, on a report of a bumper crop in the US.

Wheat and barley steadied on lack of offers, reflecting strong deliveries, reaching the day's high of 120.00p for the softest wheats.

The creditors' memorandum goes to great lengths to show, somewhat unnecessarily, that other international organisations are without limited liability...

The member states, or some of them, are likely to claim sovereign immunity. They will say that what they did was not for profit but for the well-being of their countries.

Some believe that the House of Lords went too far in favour of the debtor and may welcome the opportunity to give a better deal to the creditors when the ITC appeals reach it.

The market drifted lower throughout the day in tin volume to close at the low, reports Coly and Harper. Selar 015 (52) rose to 60 tonnes.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down from firmer start

The dollar retreated from opening levels in currency markets yesterday but recovered a little towards the close to finish slightly up from Wednesday.

£ IN NEW YORK

Table with columns: Sept 4, Close, Prev. close. Rows for 1 month, 3 months, 6 months, 12 months forward rates.

Against this background the dollar was confined to a fairly narrow range. There was no news to affect trading and today's US unemployment figures are not expected to cause much of a stir.

POUND SPOT—FORWARD AGAINST POUND

Table with columns: Sept 4, Day's Range, Close, One month, % Change, Three months, % Change. Rows for US, Canada, West Germany, Denmark, Ireland, Portugal, Spain, Italy, Norway, Sweden, Japan, Australia, Switzerland.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: Sept 4, Day's Range, Close, One month, % Change, Three months, % Change. Rows for UK, Ireland, Belgium, France, W. Ger., Portugal, Spain, Italy, Norway, Sweden, Japan, Australia, Switzerland.

EXCHANGE RATES

Table with columns: Sept 4, £, DM, Yen, FF, SFr, HFl, Lira, O B, B Fr. Rows for various currencies.

EURO-CURRENCY INTEREST RATES

Table with columns: Sept 4, Short Term, 7 Days, 1 Month, 3 Months, 6 Months, One Year. Rows for Sterling, U.S. Dollar, Yen, etc.

MONEY MARKETS

Little change in London rates

THE LONDON money market contained very quiet yesterday, with short-term interest rates showing little change.

UK clearing bank base lending rate 10 per cent since May 22.

There were signs of a general slight easing of interest rates on the Continent yesterday.

NEW YORK RATES

Table with columns: (Lombard), Prime rate, Fed funds, Fed funds at intervention, Treasury Bills & Bonds.

MONEY RATES

Table with columns: Sept 4, One Month, Two Months, Three Months, Six Months, Lombard. Rows for Frankfurt, Zurich, Amsterdam, Milan, Dublin.

FINANCIAL FUTURES

Bonds and gilts fall

US TREASURY bond and long-term gilt futures weakened on the London International Financial Futures Exchange yesterday.

Table with columns: Sept 4, Bank of England, Morgan, etc. Rows for various financial instruments.

Table with columns: Sept 4, Rank, Special Drawing Rights, European Currency Unit. Rows for Sterling, DM, Yen, etc.

CURRENCY MOVEMENTS

Table with columns: Sept 4, Rank, Special Drawing Rights, European Currency Unit. Rows for Sterling, DM, Yen, etc.

CURRENCY RATES

Table with columns: Sept 4, Rank, Special Drawing Rights, European Currency Unit. Rows for Sterling, DM, Yen, etc.

OTHER CURRENCIES

Table with columns: Sept 4, Rank, Special Drawing Rights, European Currency Unit. Rows for various currencies.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Value of Dollar, Country, Currency, Value of Dollar.

FT LONDON INTERBANK FIXING

Table with columns: Three months US dollars, Six months US dollars. Rows for bid 5 1/2, offer 6 1/2.

LONDON MONEY RATES

Table with columns: September 5, Over 10-11, 10-10 1/2, 10 1/2, 10 1/4, 10 1/8, 10, 9 3/4, 9 1/2, 9 1/4, 9, 8 3/4, 8 1/2, 8, 7 3/4, 7 1/2, 7, 6 3/4, 6 1/2, 6, 5 3/4, 5 1/2, 5, 4 3/4, 4 1/2, 4, 3 3/4, 3 1/2, 3, 2 3/4, 2 1/2, 2, 1 3/4, 1 1/2, 1, 3/4, 1/2, 1/4, 0, 0.

FINANCIAL TIMES

IS PROPOSING TO PUBLISH A SURVEY ON

URBAN RENEWAL

PUBLICATION DATE: OCTOBER 6

COPY DATE: SEPTEMBER 22

1 Introduction

2 The mechanisms

3 The role of the private sector

4 The major contributions

5 The political background

6 Policy alternatives

7 Architecture

EDITORIAL INFORMATION

Please address all enquiries or suggestions concerned with editorial content of this survey in writing to the Survey's Editor.

ADVERTISING INFORMATION

Information on advertising can be obtained from William Clutterbuck, telephone number 01-248 8000 extension 4148, or your usual Financial Times representative.

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

\$WORLD VALUE OF THE DOLLAR BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 3, 1986. The exchange rates listed are mid-rate rates between buying and selling rates as quoted between banks, unless otherwise indicated.

Bank of America, Economics Dept., London. Eurodollar Libor as of September 3, at 11.00 a.m. 3 months: 5 1/2, 6 months: 5 1/2.

Large table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Rows for various countries and currencies.

Small text at the bottom of the table providing additional information and disclaimers.

LONDON SHARE SERVICE

BRITISH FUNDS table with columns for Stock, Price, and Yield. Includes sub-sections for 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont. table listing various American stocks with columns for Stock, Price, and Yield.

BUILDING, TIMBER, ROADS - Cont. table listing construction and infrastructure related stocks.

DRAPERY & STORES - Cont. table listing retail and clothing related stocks.

ELECTRICALS table listing electrical engineering and utility related stocks.

INDUSTRIALS - Cont. table listing various industrial sector stocks.

Index-Linked table listing index-linked securities.

CANADIANS table listing Canadian stocks.

CHEMICALS, PLASTICS table listing chemical and plastic related stocks.

DRAPERY AND STORES table listing retail and clothing related stocks.

FOOD, GROCERIES, ETC table listing food and grocery related stocks.

INDUSTRIALS (Misc.) table listing miscellaneous industrial stocks.

INT. BANK AND O'SEAS GOVT STERLING ISSUES table listing international bank and government sterling issues.

BANKS, HP & LEASING table listing bank, hire purchase, and leasing related stocks.

DRAPERY AND STORES table listing retail and clothing related stocks.

DRAPERY AND STORES table listing retail and clothing related stocks.

FOOD, GROCERIES, ETC table listing food and grocery related stocks.

INDUSTRIALS (Misc.) table listing miscellaneous industrial stocks.

CORPORATION LOANS table listing corporation loan securities.

BANKS, HP & LEASING table listing bank, hire purchase, and leasing related stocks.

BEERS, WINES & SPIRITS table listing beverage related stocks.

DRAPERY AND STORES table listing retail and clothing related stocks.

FOOD, GROCERIES, ETC table listing food and grocery related stocks.

INDUSTRIALS (Misc.) table listing miscellaneous industrial stocks.

COMMONWEALTH & AFRICAN LOANS table listing commonwealth and African loan securities.

BANKS, HP & LEASING table listing bank, hire purchase, and leasing related stocks.

BUILDING, TIMBER, ROADS table listing construction and infrastructure related stocks.

DRAPERY AND STORES table listing retail and clothing related stocks.

FOOD, GROCERIES, ETC table listing food and grocery related stocks.

INDUSTRIALS (Misc.) table listing miscellaneous industrial stocks.

LOANS table listing various loan securities.

BANKS, HP & LEASING table listing bank, hire purchase, and leasing related stocks.

BUILDING, TIMBER, ROADS table listing construction and infrastructure related stocks.

DRAPERY AND STORES table listing retail and clothing related stocks.

FOOD, GROCERIES, ETC table listing food and grocery related stocks.

INDUSTRIALS (Misc.) table listing miscellaneous industrial stocks.

FOREIGN BONDS & RAIL table listing foreign bonds and rail securities.

BANKS, HP & LEASING table listing bank, hire purchase, and leasing related stocks.

BUILDING, TIMBER, ROADS table listing construction and infrastructure related stocks.

DRAPERY AND STORES table listing retail and clothing related stocks.

FOOD, GROCERIES, ETC table listing food and grocery related stocks.

INDUSTRIALS (Misc.) table listing miscellaneous industrial stocks.

AMERICANS table listing American stocks.

BANKS, HP & LEASING table listing bank, hire purchase, and leasing related stocks.

BUILDING, TIMBER, ROADS table listing construction and infrastructure related stocks.

DRAPERY AND STORES table listing retail and clothing related stocks.

FOOD, GROCERIES, ETC table listing food and grocery related stocks.

INDUSTRIALS (Misc.) table listing miscellaneous industrial stocks.

Handwritten note: April, in 1955

INDUSTRIALS—Continued

Table of industrial stock prices including companies like Anglo-Siam Corp, Anglo-Siam Petroleum, Anglo-Siam Shipping, Anglo-Siam Transport, Anglo-Siam Trading, Anglo-Siam Finance, Anglo-Siam Insurance, Anglo-Siam Real Estate, Anglo-Siam Development, Anglo-Siam Services, Anglo-Siam Holdings, Anglo-Siam Investments, Anglo-Siam Properties, Anglo-Siam Enterprises, Anglo-Siam Ventures, Anglo-Siam Capital, Anglo-Siam Equity, Anglo-Siam Finance, Anglo-Siam Insurance, Anglo-Siam Real Estate, Anglo-Siam Development, Anglo-Siam Services, Anglo-Siam Holdings, Anglo-Siam Investments, Anglo-Siam Properties, Anglo-Siam Enterprises, Anglo-Siam Ventures, Anglo-Siam Capital, Anglo-Siam Equity.

INSURANCES

Table of insurance stock prices including companies like Anglo-Siam Insurance, Anglo-Siam Life, Anglo-Siam Fire, Anglo-Siam Marine, Anglo-Siam Accident, Anglo-Siam Health, Anglo-Siam General, Anglo-Siam Special, Anglo-Siam Reinsurance, Anglo-Siam Underwriting, Anglo-Siam Claims, Anglo-Siam Risk, Anglo-Siam Premium, Anglo-Siam Policy, Anglo-Siam Contract, Anglo-Siam Agreement, Anglo-Siam Covenant, Anglo-Siam Deed, Anglo-Siam Instrument, Anglo-Siam Document, Anglo-Siam Certificate, Anglo-Siam Receipt, Anglo-Siam Acknowledgment, Anglo-Siam Affidavit, Anglo-Siam Declaration, Anglo-Siam Statement, Anglo-Siam Declaration, Anglo-Siam Statement, Anglo-Siam Declaration, Anglo-Siam Statement.

LEISURE—Continued

Table of leisure stock prices including companies like Anglo-Siam Leisure, Anglo-Siam Entertainment, Anglo-Siam Recreation, Anglo-Siam Sports, Anglo-Siam Games, Anglo-Siam Amusement, Anglo-Siam Performance, Anglo-Siam Exhibition, Anglo-Siam Festival, Anglo-Siam Event, Anglo-Siam Show, Anglo-Siam Production, Anglo-Siam Distribution, Anglo-Siam Marketing, Anglo-Siam Sales, Anglo-Siam Retail, Anglo-Siam Wholesale, Anglo-Siam Import, Anglo-Siam Export, Anglo-Siam Distribution, Anglo-Siam Marketing, Anglo-Siam Sales, Anglo-Siam Retail, Anglo-Siam Wholesale, Anglo-Siam Import, Anglo-Siam Export.

PROPERTY

Table of property stock prices including companies like Anglo-Siam Property, Anglo-Siam Real Estate, Anglo-Siam Development, Anglo-Siam Services, Anglo-Siam Holdings, Anglo-Siam Investments, Anglo-Siam Properties, Anglo-Siam Enterprises, Anglo-Siam Ventures, Anglo-Siam Capital, Anglo-Siam Equity, Anglo-Siam Finance, Anglo-Siam Insurance, Anglo-Siam Real Estate, Anglo-Siam Development, Anglo-Siam Services, Anglo-Siam Holdings, Anglo-Siam Investments, Anglo-Siam Properties, Anglo-Siam Enterprises, Anglo-Siam Ventures, Anglo-Siam Capital, Anglo-Siam Equity.

PROPERTY—Continued

Table of property stock prices (continued) including companies like Anglo-Siam Property, Anglo-Siam Real Estate, Anglo-Siam Development, Anglo-Siam Services, Anglo-Siam Holdings, Anglo-Siam Investments, Anglo-Siam Properties, Anglo-Siam Enterprises, Anglo-Siam Ventures, Anglo-Siam Capital, Anglo-Siam Equity, Anglo-Siam Finance, Anglo-Siam Insurance, Anglo-Siam Real Estate, Anglo-Siam Development, Anglo-Siam Services, Anglo-Siam Holdings, Anglo-Siam Investments, Anglo-Siam Properties, Anglo-Siam Enterprises, Anglo-Siam Ventures, Anglo-Siam Capital, Anglo-Siam Equity.

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INVESTMENT TRUSTS—Cont.

Table of investment trust stock prices including companies like Anglo-Siam Investment, Anglo-Siam Trust, Anglo-Siam Fund, Anglo-Siam Scheme, Anglo-Siam Plan, Anglo-Siam Program, Anglo-Siam Initiative, Anglo-Siam Strategy, Anglo-Siam Approach, Anglo-Siam Method, Anglo-Siam Technique, Anglo-Siam Process, Anglo-Siam Procedure, Anglo-Siam Protocol, Anglo-Siam Policy, Anglo-Siam Principle, Anglo-Siam Norm, Anglo-Siam Standard, Anglo-Siam Criterion, Anglo-Siam Benchmark, Anglo-Siam Measure, Anglo-Siam Indicator, Anglo-Siam Sign, Anglo-Siam Signal, Anglo-Siam Symbol, Anglo-Siam Token, Anglo-Siam Emblem, Anglo-Siam Insignia, Anglo-Siam Ornament, Anglo-Siam Decoration, Anglo-Siam Accessory, Anglo-Siam Addition, Anglo-Siam Attachment, Anglo-Siam Appendix, Anglo-Siam Annex, Anglo-Siam Extension, Anglo-Siam Expansion, Anglo-Siam Growth, Anglo-Siam Increase, Anglo-Siam Rise, Anglo-Siam Improvement, Anglo-Siam Advancement, Anglo-Siam Progress, Anglo-Siam Development, Anglo-Siam Evolution, Anglo-Siam Transformation, Anglo-Siam Transition, Anglo-Siam Change, Anglo-Siam Alteration, Anglo-Siam Modification, Anglo-Siam Adjustment, Anglo-Siam Amendment, Anglo-Siam Correction, Anglo-Siam Revision, Anglo-Siam Update, Anglo-Siam Upgrade, Anglo-Siam Enhancement, Anglo-Siam Enrichment, Anglo-Siam Refinement, Anglo-Siam Perfection, Anglo-Siam Completion, Anglo-Siam Fulfillment, Anglo-Siam Realization, Anglo-Siam Attainment, Anglo-Siam Achievement, Anglo-Siam Success, Anglo-Siam Accomplishment, Anglo-Siam Accomplishment, Anglo-Siam Success, Anglo-Siam Accomplishment.

INVESTMENT TRUSTS

Table of investment trust stock prices (continued) including companies like Anglo-Siam Investment, Anglo-Siam Trust, Anglo-Siam Fund, Anglo-Siam Scheme, Anglo-Siam Plan, Anglo-Siam Program, Anglo-Siam Initiative, Anglo-Siam Strategy, Anglo-Siam Approach, Anglo-Siam Method, Anglo-Siam Technique, Anglo-Siam Process, Anglo-Siam Procedure, Anglo-Siam Protocol, Anglo-Siam Policy, Anglo-Siam Principle, Anglo-Siam Norm, Anglo-Siam Standard, Anglo-Siam Criterion, Anglo-Siam Benchmark, Anglo-Siam Measure, Anglo-Siam Indicator, Anglo-Siam Sign, Anglo-Siam Signal, Anglo-Siam Symbol, Anglo-Siam Token, Anglo-Siam Emblem, Anglo-Siam Insignia, Anglo-Siam Ornament, Anglo-Siam Decoration, Anglo-Siam Accessory, Anglo-Siam Addition, Anglo-Siam Attachment, Anglo-Siam Appendix, Anglo-Siam Annex, Anglo-Siam Extension, Anglo-Siam Expansion, Anglo-Siam Growth, Anglo-Siam Increase, Anglo-Siam Rise, Anglo-Siam Improvement, Anglo-Siam Advancement, Anglo-Siam Progress, Anglo-Siam Development, Anglo-Siam Evolution, Anglo-Siam Transformation, Anglo-Siam Transition, Anglo-Siam Change, Anglo-Siam Alteration, Anglo-Siam Modification, Anglo-Siam Adjustment, Anglo-Siam Amendment, Anglo-Siam Correction, Anglo-Siam Revision, Anglo-Siam Update, Anglo-Siam Upgrade, Anglo-Siam Enhancement, Anglo-Siam Enrichment, Anglo-Siam Refinement, Anglo-Siam Perfection, Anglo-Siam Completion, Anglo-Siam Fulfillment, Anglo-Siam Realization, Anglo-Siam Attainment, Anglo-Siam Achievement, Anglo-Siam Success, Anglo-Siam Accomplishment.

FINANCE, LAND—Cont.

Table of finance and land stock prices including companies like Anglo-Siam Finance, Anglo-Siam Land, Anglo-Siam Banking, Anglo-Siam Investment, Anglo-Siam Real Estate, Anglo-Siam Development, Anglo-Siam Services, Anglo-Siam Holdings, Anglo-Siam Investments, Anglo-Siam Properties, Anglo-Siam Enterprises, Anglo-Siam Ventures, Anglo-Siam Capital, Anglo-Siam Equity, Anglo-Siam Finance, Anglo-Siam Insurance, Anglo-Siam Real Estate, Anglo-Siam Development, Anglo-Siam Services, Anglo-Siam Holdings, Anglo-Siam Investments, Anglo-Siam Properties, Anglo-Siam Enterprises, Anglo-Siam Ventures, Anglo-Siam Capital, Anglo-Siam Equity.

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MINES—Continued

Table of mine stock prices including companies like Anglo-Siam Mines, Anglo-Siam Metals, Anglo-Siam Minerals, Anglo-Siam Resources, Anglo-Siam Energy, Anglo-Siam Power, Anglo-Siam Fuel, Anglo-Siam Coal, Anglo-Siam Oil, Anglo-Siam Gas, Anglo-Siam Uranium, Anglo-Siam Plutonium, Anglo-Siam Thorium, Anglo-Siam Radium, Anglo-Siam Polonium, Anglo-Siam Actinium, Anglo-Siam Francium, Anglo-Siam Astatine, Anglo-Siam Tennessine, Anglo-Siam Oganesson, Anglo-Siam Moscovium, Anglo-Siam Livermorium, Anglo-Siam Tennessine, Anglo-Siam Oganesson, Anglo-Siam Moscovium, Anglo-Siam Livermorium, Anglo-Siam Tennessine, Anglo-Siam Oganesson, Anglo-Siam Moscovium, Anglo-Siam Livermorium.

MINES

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Notes and regional/irish stocks section with various financial details and company information.

LONDON STOCK EXCHANGE

Late-summer equity run continues in contrast to drab gilt trend

Account Dealing Dates
Option
*First Declared Last Account
Dealings Those Dealings Dec
Aug 11 Aug 28 Aug 28 Sept 3

The late-summer surge in London equities showed little sign of abating yesterday. Since it began nearly four weeks ago, the sustained run has been broken only on two occasions and each time the small closing losses have represented little more than token corrections of the trend.

FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices: Government Sec, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, etc. Includes S.E. ACTIVITY and LONDON REPORT AND LATEST SHARE INDEX TEL. 01-246 0626.

Wall Street fell well over 100 points yesterday after a year's high of 663, while the FTSE 100 fell 1.3 points to 2488.4. The market on Wednesday on the announcement of 750 reductions in the government budget rose a further 1.5 to 1453.8.

EUROPEAN OPTIONS EXCHANGE
Table with columns for Stock, Vol, High, Low, and various market data for European options.

to 210p and National Bank Australia formed 6 to 235p. Elsewhere, Standard Chartered continued to attract speculative support and put on 7 to 732p, a two-day advance of 2s.

Composites Insurance fluctuated narrowly prior to closing a few pence firmer for choice. However, late support boosted Royals 12 to 867p. Sna Alliance, still reflecting the interim profits recovery and increased dividend, hardened 4 to 739p.

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TRADITIONAL OPTIONS
Table with columns for Stock, Vol, High, Low, and various market data for traditional options.

Early attention in the Building sector was focused on Blue Circle which advanced to 578p on vague takeover rumours being based on profit-taking to close unchanged on the day at 568p. Rugby Portland Cement, boosted on Wednesday by talk of a broker's circular, touched 166p prior to closing a penny higher at 161p, a two-day gain of 8p. Buying ahead of the respective interim results due shortly lifted Consal 12 to 260p.

Further profit-taking following the launch of its new computers left Amstrad 4 cheaper at 188p, after 134p at one stage. In contrast, BSE came to life with a rise of 11 to 85p, while Logica, still benefiting from the Star Wars contract, improved 8 further to 225p.

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YESTERDAY'S ACTIVE STOCKS
Table with columns for Stock, Closing Price, Day's Change, and Stock, Closing Price, Day's Change.

WEDNESDAY'S ACTIVE STOCKS
Table with columns for Stock, Closing Price, Day's Change, and Stock, Closing Price, Day's Change.

RISES AND FALLS YESTERDAY
Table with columns for Rises and Falls, listing various stocks and their price movements.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Thursday September 4 1986, and various stock price data.

NEW HIGHS AND LOWS FOR 1986

Table with columns for CANADIAN (1), BRITISH FUNDS (12), and various company names and their performance metrics.

LONDON TRADED OPTIONS

Table with columns for Option, Calls, and Puts, listing various options and their trading data.

BASE LENDING RATES

Table with columns for various banks and their base lending rates.

FIXED INTEREST

Table with columns for PRICE MOVEMENTS, British Government, and various fixed interest rates.

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Germany, Norway, Australia, Japan, and Canada. Columns include stock names, prices, and changes.

Table of stock market data for Canada, including Toronto and Montreal closing prices for various stocks.

Table of over-the-counter market data, including Nasdaq national market closing prices for various stocks.

Table of stock market indices for various countries, including Australia, Austria, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and the UK.

Section titled 'Three further records are reached in Europe' with sub-sections for 'LONDON' and 'CANADA'. It discusses market trends, stock prices, and company news.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month	Stock	High	Low	Open	Close	Change	12 Month	Stock	High	Low	Open	Close	Change	12 Month	Stock	High	Low	Open	Close	Change	12 Month	Stock	High	Low	Open	Close	Change							
High	AA	100	98	100	98	-2	High	AA	100	98	100	98	-2	High	AA	100	98	100	98	-2	High	AA	100	98	100	98	-2							
Low	AA	100	98	100	98	-2	Low	AA	100	98	100	98	-2	Low	AA	100	98	100	98	-2	Low	AA	100	98	100	98	-2	Low	AA	100	98	100	98	-2
Open	AA	100	98	100	98	-2	Open	AA	100	98	100	98	-2	Open	AA	100	98	100	98	-2	Open	AA	100	98	100	98	-2	Open	AA	100	98	100	98	-2
Close	AA	100	98	100	98	-2	Close	AA	100	98	100	98	-2	Close	AA	100	98	100	98	-2	Close	AA	100	98	100	98	-2	Close	AA	100	98	100	98	-2
Change	AA	100	98	100	98	-2	Change	AA	100	98	100	98	-2	Change	AA	100	98	100	98	-2	Change	AA	100	98	100	98	-2	Change	AA	100	98	100	98	-2

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections like 'Continued from Page 44' and 'S S S'.

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections like 'D D D', 'M M M', 'N N N', and 'R R R'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections like 'F F F', 'G G G', 'H H H', 'I I I', 'J J J', 'K K K', 'L L L', 'M M M', 'N N N', 'O O O', 'P P P', 'Q Q Q', 'R R R', 'S S S', 'T T T', 'U U U', 'V V V', 'W W W', 'X X X', 'Y Y Y', 'Z Z Z'.

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